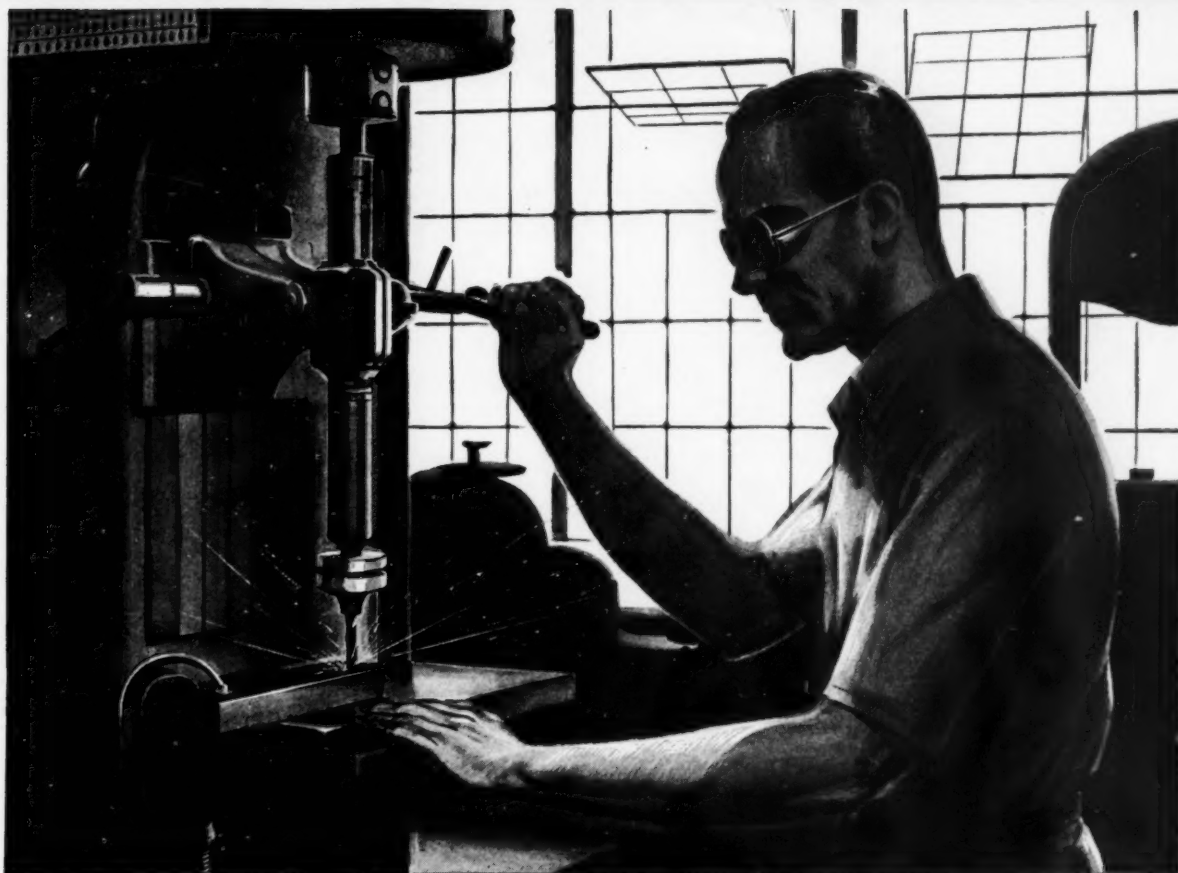


The NATIONAL UNDERWRITER



PROTECTED MEN ARE PRODUCTIVE MEN

AS the war wheels of industry turn swiftly, "Production" and "Safety" are the twin watchwords of American management. For more than a quarter of a century the Casualty Insurance Industry has invested liberally in inspection service and in research to minimize industrial accidents.

And the rate of fatal accidents to industrial workers has been reduced forty-nine per cent since 1913.

In wartime, the conservation of Manpower, Machines and Materials is essential to Victory. In this emergency the Insurance Industry met the need with

its Handbook of Industrial Safety Standards, the so-called "safety man's Bible." Besides the latest accident prevention standards, the Handbook advises on wartime protection of plants and employees against air raids and sabotage. Pocket-size employee safety rule books have been geared to wartime needs with chapters on "Women in the Factory" and "Prevent Off-the-Job Accidents and Stay on the Job."

A sustained, successful educational campaign for Employee Safety is one of the contributions of the Casualty Insurance Industry to the public welfare.

A Comprehensive  Reinsurance Service

Casualty and Bonding Lines

**GENERAL REINSURANCE
CORPORATION**

Fire and Allied Lines

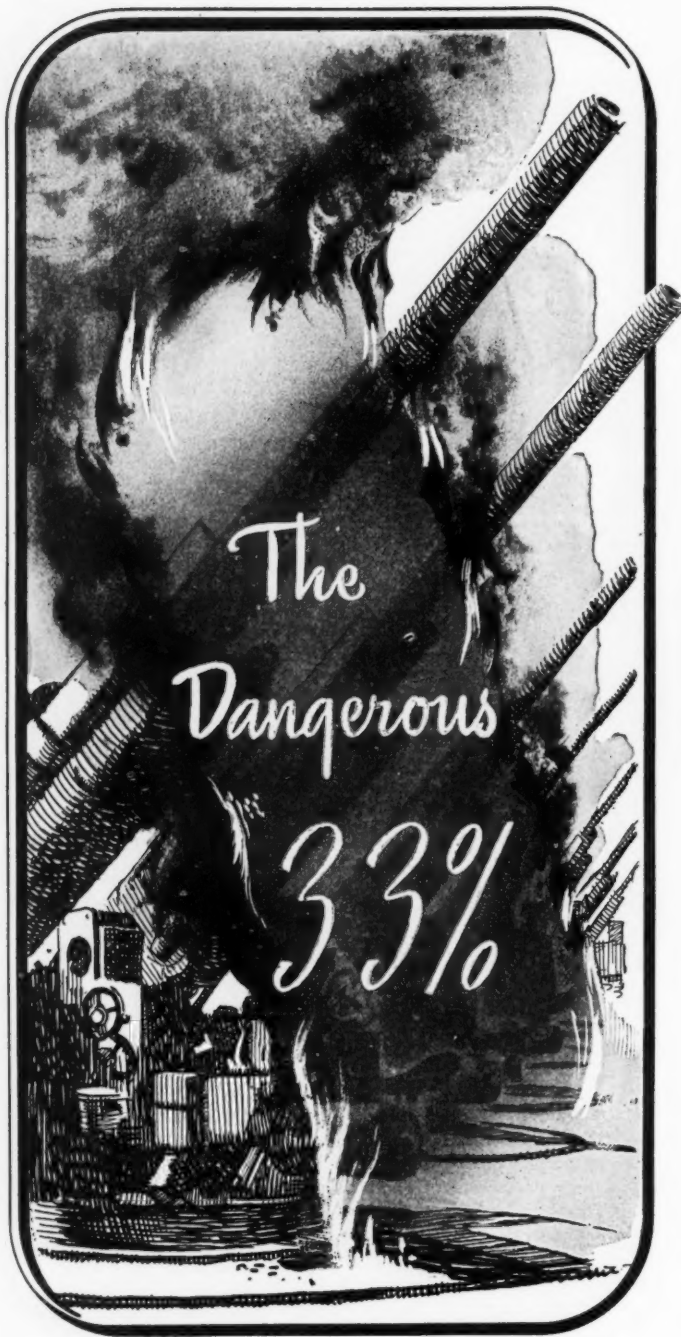
**NORTH STAR REINSURANCE
CORPORATION**

90 John Street, New York • 200 Bush Street, San Francisco

This advertisement appears in the

NEW YORK TIMES • BALTIMORE SUN • CHICAGO NEWS • CHICAGO SUN
LOS ANGELES TIMES • PHILADELPHIA INQUIRER • SAN FRANCISCO CHRONICLE

THURSDAY, SEPTEMBER 14, 1944



If you built GUNS

*Y*OU would never think of making guns and omitting 33% of those guns from the production line.

Yet Fire Insurance buyers often omit a large part of the coverage when they buy insurance. Here is one who omitted 33% when he bought fire insurance protection.

Sell adequate coverage. You'll serve your clients well . . . and you'll make more money.



Claim Number 13,108 tells of inadequate coverage.

Cash Value	\$268,800
Insurance In Force	180,500
Not covered by Insurance .	88,300

This client risks 33% of total value, and saves only \$101 per year.

The National Fire Group

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD

MECHANICS AND TRADERS INSURANCE COMPANY

FRANKLIN NATIONAL INSURANCE COMPANY OF NEW YORK

TRANSCONTINENTAL INSURANCE COMPANY

UNITED NATIONAL INDEMNITY COMPANY



HOME OR ADMINISTRATIVE OFFICES: HARTFORD, CONNECTICUT

WESTERN DEPARTMENT

PACIFIC DEPARTMENT

175 WEST JACKSON BLVD., CHICAGO 4, ILL.

234 BUSH ST., SAN FRANCISCO 20, CALIF.



AMICO Helps Agents Build for the Future . . .

Sure Bill, I'll be glad to tell you why I decided to represent American Motorists Insurance Company. . . .

I'm building up my agency for my son Jim. He's in the army overseas. When the war's over, he'll be coming back to his job here and I wanted to put my business on a firm basis for his future. AMICO is helping me do just that.

I find that it is easier to sell American Motorists protection. I tell prospects about the advantages of insuring with AMICO, a \$14,000,000 company with nationwide claim service—and how policyholders get broader protection and always have received dividends on their AMICO partici-

pating policies.

AMICO'S advertising and sales promotional material helps put the story across. And American Motorists multiple-line facilities enable me to offer more forms of coverage to the insurance buyer.

When the prospect compares the costs, service and protection of an AMICO policy—he really is sold on doing business with an agent of the American Motorists Insurance Company.

I'm glad I represent American Motorists, a company that helps its agents build for tomorrow.

Find out about the AMICO agency franchise in your community. Just write on your letterhead today.

**AUTOMOBILE • PLATE GLASS
PUBLIC LIABILITY • BURGLARY
FIDELITY AND SURETY BONDS**

American
MOTORISTS INSURANCE COMPANY
James S. Kemper, President
Sheridan at Lawrence, Chicago 40, U.S.A.

**BOILER AND MACHINERY
PERSONAL ACCIDENT, AND
WORKMEN'S COMPENSATION**

Chicago (40): Sheridan at Lawrence
New York (17): 342 Madison Avenue

Boston (16): 260 Tremont Street
Atlanta (3): Kemper Insurance Bldg.

Philadelphia (7): 12 S. 12th Street
Los Angeles (5): Kemper Companies Bldg.

San Francisco (4): Russ Building
Syracuse (2): Syracuse-Kemper Ins. Bldg.

A Nationwide Company Writing All Forms of Casualty Insurance and Fidelity and Surety Bonds



He looked death square in the face!

What does *he* think of the Red Cross? He could tell us plenty of what that organization has done for him. At best, it wasn't any fun for him over there. No days off, no relaxation—just going on and on—cold, dirty and damp—tired and hungry. Suddenly, out of nowhere, up would pop a Red Cross clubmobile bringing hot coffee and doughnuts, personal supplies and a touch of home to him and other American troops in the mudholes.



That particular night, when he was wounded, he *knew* that he looked *death square* in the face—you can feel those things. But the blessed blood plasma eventually brought him back. And during his convalescence Red Cross workers made his life more cheerful by writing his letters for him, providing recreation, and by easing the worry over his personal problems. The Red Cross? It's the symbol of life in the midst of death.

This is the seventh of a series of advertisements dedicated to the American Red Cross by

THE HOME INSURANCE COMPANY, NEW YORK

FIRE • AUTOMOBILE • MARINE

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Mich. Governor Expounds States Rights Doctrine

Kelly Makes Hit at Agents State Convention —Trager New President

President—Carl F. Trager, Lansing.
Vice-president—Edward R. Moore, Port Huron.
Treasurer—Walter B. Cary, Detroit.
Secretary-manager—W. O. Hildebrand, Lansing.

New members executive committee—Donald E. Bowen, Kalamazoo; Lloyd Krueger, Niles; R. A. Gillespie, Flint; A. A. Smith, Lansing; Harold W. Usher, Grand Rapids; J. Grant Moore, Port Huron; J. C. Wickstrom, Norway.

By LEVERING CARTWRIGHT

Gov. Kelly of Michigan emphatically expounded the insurance states rights doctrine and brought forth frequent aments from an audience of about 400 in addressing the luncheon session at the annual meeting in Detroit of the Michigan Association of Insurance Agents. He took the place on the program of U. S. Senator Ferguson, who has been one of the most influential champions of the Bailey bill to exempt insurance from the federal anti-trust laws.



CARL F. TRAGER

In starting off, Gov. Kelly read a message from Ferguson to the effect that expansionists in federal government want to control insurance and that the federal government has too much to do now to invade this field.

"My speech has been made," Kelly remarked after reading that statement.

Public Not Conscious of Issues

If the public were conscious of the issues involved in the insurance supervision question, Kelly asserted, it would make it one of the capital topics of discussion. During the past 75 years, he declared, there has been developed by the states an extensive and efficient system of regulation. The Michigan department has had a particularly good record, he said, and he spoke in high praise of Commissioner Forbes who was

(CONTINUED ON PAGE 12)

N. Y. Report Urges End of Actual-Value Auto Policy

NEW YORK—Elimination of the actual cash value basis for automobile insurance is recommended in the New York department's examination report on the National Automobile Underwriters Association. The report, which covers 101 typewritten pages, also recommends the substitution of a new and simpler fleet fire and theft rating formula for present fleet formulas A and B; reduction in private passenger car rates, cutting of the comprehensive minimum premium to \$5, reduction of commercial car fire rates, of public car rates, of dealers automobile rates; study of the present collision fleet rating plan to eliminate allowance of credit where the loss ratio exceeds 70%; and the use of the combined experience of member and subscriber companies in any future rate revisions, rather than excluding the subscriber company experience except in determining the relativity between classes. The examination was conducted by Frank Montesani, assisted by Abraham Silver.

No Criticism of Management

The report states that the examiner "has no criticism to make of the management of the rating organization and the work of the staff committee," and that the association's minutes show that the staff committee is aware of the various defects of the rate-making methods and has from time to time made a number of recommendations, some of which are included in the examination report. These recommendations in most cases were either rejected or tabled by the regional committees and the board of directors, the report states.

"It is apparent that rate revisions were not effected fully in accordance with the experience indications," the report concludes. "Where reductions were warranted, rates were partially reduced without reaching the proper level. The policy of the association seems to be to maintain fire, theft and comprehensive individual car rates at a higher level than required in order to offset the poor experience of the collision coverages and fleet business.

"The handling of statistics in the investigation made of the companies revealed that some drastic action should be taken by both the companies and the association to eliminate the careless and inefficient manner of reporting statistics."

Actual Value vs. Stated Amount

The report devotes 10 pages to a discussion of the actual cash value basis vs. stated amount. It points out that in considering the pros and cons certain aspects applying in the event of total or constructive total losses would not necessarily exist in the case of partial losses, and vice versa.

Taking up the argument that the actual cash value basis has the effect of establishing premiums according to average values for the cars in list price and age groups the report says that "from the present complaints of some underwriters we can assume that the actual value of premium does not correctly measure the risk in times of rapidly rising costs and values of used cars. At present, due to unusual economic conditions companies are exposed to liabilities greatly in excess of the average amount contemplated by actual value manual premiums. When the war emergency is over the opposite condition may very well be true after premiums have been increased to reflect the war experience."

As to the contention that the actual value basis is designed to give consideration in loss adjustments to the fact that exactly the same models of cars may

differ widely in value, Mr. Montesani believes from observation and experience with loss adjustments that this is not the principal consideration. For one thing, the same situation as to value occurs with partial losses under the stated amount form. Conceding that differences in value exist between two cars of the same model and same original value, he points out that "nowhere in the actual value coverage policy and its renewal is there any recognition of these facts except the indefinite promise of adjustment of loss on the basis of actual value," while often the car is missing or unrecognizable as to its condition before loss and this frequent impossibility of determining distinctions in value at the time of loss seems to create disputes.

The report points out that in the absence of a limit of liability as a guiding factor the value of the car or its component parts in the event of partial loss is determined by both parties to the contract advancing arguments in support of their respective contentions.

"The assured being in the position of the claimant and anxious to purchase the new vehicle or to repair his car is generally placed at a disadvantage and often must of necessity compromise his

(CONTINUED ON PAGE 8)

Another Meeting of Commissioners, Industry Scheduled

Commissioner Johnson of Minnesota, president of the National Association of Insurance Commissioners, has announced that representatives of the insurance industry will meet with the N.A.I.C. national legislation committee at the Edgewater Beach hotel, Chicago, beginning Sept. 29, to continue joint efforts of commissioners and the business to obtain necessary and sound legislation to solve the problems arising from the Supreme Court's decision on the Southeastern Underwriters case. Mr. Harrington of Massachusetts is chairman of the legislation committee. Mr. Johnson said that all organizations in the business have been invited to send representatives to the meeting. Other members of the committee are Dineen of New York, Graves of Arkansas, Scheufler of Missouri, McCormack of Tennessee and Mr. Johnson.

ATTORNEYS GENERAL ACTING

MEMPHIS—States attorneys general from 10 southern and southwestern states were told by W. F. Barry, Jr., solicitor general for Tennessee, who led the discussion of the anti-trust insurance decision before the southern regional meeting of the National Association of Attorneys General here, that 38 states have joined together to petition the Supreme Court for a rehearing of the S.E.U.A. case. He emphasized the danger to revenues states receive from insurance taxation. Mr. Barry accompanied Commissioner McCormack of Tennessee to the St. Louis meeting of the commissioners.

ON U. S. CHAMBER AGENDA

WASHINGTON — The motion for Supreme Court rehearing of the S.E.U.A. case and recommendations of the National Association of Insurance Commissioners' legislative committee will be discussed at the meeting of the new insurance committee of the U. S. Chamber of Commerce, here Sept. 21.

Bar Assn. Insurance Group Backs State Supervisors' Stand

Approves Law Revisions to Avert Federal Rule, Moser New Chairman

With a record-breaking attendance, the insurance section of the American



H. S. Moser

Bar Association met in Chicago this week, determined to tackle the difficult legal problems arising out of the fate of insurance supervision under the Southwestern Underwriters Association case and problems related to the post-war world. It adopted a strong resolution favoring continued

state supervision and opposing federal regulation, endorsing in principle the program of the National Association of Insurance Commissioners.

At the final session Wednesday, Prof. E. W. Patterson of Columbia University spoke on "Administrative Law as It Affects State Supervision" and J. M. Guiher, Clarksburg, W. Va., reviewed the S. E. U. A. case. This was followed by election of officers.

New Officers

Henry S. Moser, Chicago, counsel of the Allstate companies, was elected chairman of the insurance section, succeeding F. E. Spain, Birmingham, Ala., general counsel Liberty National Life.

The new vice-chairmen are V. J. Skutt, Omaha, and Prof. Patterson. J. W. Henderson, Philadelphia, retiring president of the American Bar Association, was elected to the council of the insurance section for a four year term, along with H. D. Combs, Baltimore, and W. E. Benoy, Columbus, O., was elected for a one-year term.

Endorses Four Points

The resolution, which was presented to the house of delegates of the American Bar Association, was first approved by the council of the insurance group and was presented at the opening session by Mr. Moser, who spoke forcefully for it. It mentions specifically the four proposals of the commissioners' committee for congressional action, in the event the U. S. Supreme Court refuses to rehear the S. E. U. A. case: Affirmative legislation affirming the intent of Congress that supervision of insurance shall remain in the states, amendment of the Federal Trade Commission act to exclude insurance specifically, amendment of the Robinson-Patman act to the same effect and amendment of the Sherman and Clayton anti-trust acts to authorize all reasonable cooperative procedure among insurance companies necessary or incidental to statistical rate-making.

Following its usual schedule, the insurance section held sessions Monday and Wednesday afternoons. Tuesday morning and afternoon were devoted to round tables, ten in all, and the annual dinner was held Tuesday evening.

Last year the insurance section became the largest group in the American Bar Association and this year it

(CONTINUED ON PAGE 14)

Turkey Insurance Being Discussed by Committee

Expected Plan Will Be Worked Out by Stock Company Men to Meet Demand

The special committee of the Farm Underwriters Association at Chicago hopes and expects to work out a plan that will be practical and reasonable for the coverage of turkeys, especially what are known as ranch turkeys. Some of the large ranches in the northwest may have 15,000 or 16,000 turkeys. Heretofore turkey coverage has been on a hit or miss sort of a program and companies that have been insuring these fowls have had a high loss ratio.

The Farm Underwriters Association felt the need of evolving some form of coverage that would meet the demands. There are hundreds of thousands of dollars involved in the raising of turkeys. Heretofore the insurance has been by some of the mutuals which have done the pioneering work. In the Northwest, turkeys are subject to snow storm, sleet and wind especially. Therefore a policy must be evolved covering those contingencies as well as fire and hail. Very few stock companies have written this indemnity especially after the disastrous experience of a few years ago when a snow storm in the Northwest smothered thousands of turkeys.

Reviewed Range Animal Plan

The special committee has given very earnest consideration to the problems involved, the proper form of coverage, what rates should be charged, what protected measures might be taken to lessen the hazard. The course pursued in leading up to insurance of range cattle and sheep was reviewed and considerable information was gotten from that source, although the companies have not been writing the insurance on the form devised for any great length of time. It is thought, however, that some shelters can be constructed that will be practical so far as turkeys are concerned.

The local agents in turkey raising states have brought considerable pressure on companies and organizations by insisting that something be done to give turkey owners adequate protection. A number of agents that had clear agencies felt obliged to take on a mutual writing turkey insurance in order to protect their customers.

Many More Turkeys Raised

The U. S. Department of Agriculture estimates that 35,866,000 turkeys—8% more than last year and 4% above the previous record crop of 1940 will be raised this year. The western and northwestern states produce about 31% of the turkey output. The crop of turkeys this year is the largest on record in that area exceeding last year's figure by 10%. In spite of the number of turkeys set aside for military purchase there will be a greater volume for civilian use. Last year there were 35 million pounds of turkeys set aside for military purposes.

Turkey Raising Stimulated

Turkey raising has been stimulated largely by the fact that this meat is not subject to rationing and hence it is found on the menus of all restaurants. People who did not go into the industry to any great extent, enlarged their facilities immensely.

The investigation by stock insurance men shows that the big losses come

(CONTINUED ON PAGE 19)

Nevada Agents Hold Convention

Elect Cragin President at Reno; Schmidt Gives Talk

RENO, NEV.—Ernest W. Cragin of Las Vegas was elected president of the Nevada Association of Insurance Agents at the annual convention here. The meeting was a one-day affair, and attendance was small, as had been anticipated because of travel conditions. The Nevada association got under way a few months ago with a temporary organization.

Mr. Cragin is also regional vice-president for the southern part of the state. Other regional vice-presidents named were: Delpha M. Jewett, Elko, north; J. E. Brinkle, Elko, east; Ray Smith, Reno, west, and E. H. Hursh, Fallon, central.

Howard Parish was reelected secretary-treasurer. George Stetson, retiring president, called the meeting to order, and Mayor Stewart welcomed the gathering. Greetings were extended by L. R. Eby of the general agency bearing his name, and D. L. Acrea extended the greetings of the life agents. Just before noon adjournment Samuel Carpenter, manager of the Pacific Board, made an extended talk.

Stevens Stresses Organization

Jay W. Stevens, fire prevention engineer for the National Board, delivered the speech of the session, stressing an appeal for organization among the insurance fraternity.

Henry C. Schmidt, Nevada insurance commissioner, spoke during the afternoon session, devoting much of his talk to the effort to secure passage by Congress of legislation beneficial to the insurance business. He stressed that state regulation in Nevada will continue and that no change in policy is likely. He complimented the insurance companies for their cooperation, and pointed out that not one complaint had been filed against a fire insurance company in nearly 10 years.

The banquet was held Saturday night. Harry Perk, Jr., of Los Angeles, member of the executive committee of the National association, gave a "business" talk, and George Vargas, western counsel for the Pacific Board, spoke on "Activities in Washington Regarding Bills Before Congress Affecting the Insurance Business."

Little Interest in 'Quake Cover Following Temblor

NEW YORK—Last week's earthquake has resulted in no rush to buy earthquake insurance, though there have been a few sales and a slightly larger number of inquiries about rates and coverage. The Springfield group's New York office ran a display advertisement for earthquake insurance in the New York "Journal of Commerce" to sound out the market but found interest very mild.

Home Owners Main Buyers

The principal market appears to be among home owners, who for the trifling premium involved might prefer not to gamble with the possibility of their houses being shaken down. The rates in this area are from 6 to 10 cents, depending on construction, for most types of houses. No coinsurance is required but a coinsurance credit may be obtained. For 80% coinsurance, for example, there is a 30% credit.

Under the usual forms of mortgage it appears that mortgagees are not in a position to force borrowers to buy earthquake insurance.

As far as could be learned no claims had resulted from last week's temblor.

Duties Enlarged



JAMES F. CRAFTS

James F. Crafts, Boston, first vice-president of Fireman's Fund, is relinquishing direct management of the eastern department at Boston, but will continue to be located in the Boston office. He also will maintain an office at the headquarters of the group at 116 John street, New York. The change is for the purpose of enabling Mr. Crafts to devote his entire time to executive and general supervisory duties.

Illinois Approves New Dwelling Form and Extended Cover

The Illinois Inspection Bureau has adopted the new uniform dwelling and contents form and the new extended coverage endorsement, as of Sept. 1. This applies to Illinois outside Cook county, and it is expected that a similar change will be made by the Cook County Inspection Bureau in the near future.

A number of other rule changes being put in force in most middle western states have been adopted at the same time. The rule for a 100% increase in "time element" coverage rates to include aggravation of loss caused by government restrictions on repair or rebuilding is eliminated as to rents, additional living expense and all other such coverages on risks in the dwelling class. Policies now in force written at this 100% rate increase are eligible for a pro rata refund of this increase as of Sept. 1, and the priorities assumption clause may be attached to all policies covering these risks without additional charge, regardless of inception date.

The merchandise and fixture form is abolished and the waiver of the fallen building clause may be added to all risks without additional charge. This apparently presages adoption of the 1943 New York standard fire policy by the Illinois legislature next year. Automatic reinstatement on losses up to \$100 on risks other than dwellings may be included in all forms, while the new dwelling and contents form contains the usual automatic reinstatement up to \$250.

Report on National Body

Superintendent of Insurance Dineen announces today that a report covering a statutory examination of the National Automobile Underwriters Association was recently placed on file. It covers a five-year period ending in 1943. Copies are not available for distribution but are subject to inspection at either the Albany or New York office of the department.

Attorneys Study Effects of Supreme Court Decisions

Brilliant Analyses Are Presented at Two Bar Conventions in Chicago

Leading insurance attorneys of the country in Chicago the past week to attend the International Association of Insurance Counsel and the insurance section of the American Bar Association heard several brilliant discussions of some of the possible effects of the United States Supreme Court decisions in the Southeastern Underwriters Association and Polish National Alliance cases.

Edwin W. Patterson, professor of law at Columbia University, presented a scholarly discussion of "The Future of State Supervision of Insurance" before a general session of the bar insurance section. At the roundtable on fire insurance law of the same meeting, Homer H. Berger, Kansas City, attorney for the fire companies in the Missouri rate case, and C. C. Fraizer, insurance director of Nebraska, discussed "The Impact of the Decision in the S.E.U.A. case upon State Regulation of Fire Insurance Rates." Mr. Fraizer at the International Association of Insurance Counsel went into "Some Recent Trends in the Regulation of Insurance." John H. Hughes, Syracuse, N. Y., attorney, discussed "Some Consequences of the Southeastern Underwriters Decision" at the meeting of the international group, and James M. Guiher, of Steptoe & Johnson, Clarksburg, W. Va., treated the subject at the bar association meeting.

Mr. Patterson's conclusion is that the future of state supervision is not foreordained. It will depend upon what the people think and do—Congress, the Supreme Court, governors, legislatures and insurance departments, those engaged in insurance, and their beneficiaries or victims.

The effects of the Supreme Court decisions on state regulation of insurance, and what can be done to improve state regulation so as to minimize the need for federal control, were discussed by Mr. Patterson.

The Supreme Court has never held that any state law regulating insurance was unconstitutional because of regulation of interstate commerce, he said, and there is some authority for the view that present state regulation would be secure against constitutional attack, as regulating interstate commerce, if Congress declares by appropriate legislation that the regulation of insurance in all its phases is to be governed by state law, except where, as in the case of the national labor relations act, a federal statute is directly applicable.

State regulation of interstate insurance activities must justify itself, on ground of public policy, with greater cogency and clarity than it has heretofore been called upon to do, he declared. The old doctrine that a state may exclude a foreign insurance company for any reason or no reason with its (fallacious) corollary that the state may impose such conditions of admission as it sees fit, is now obsolete, he said.

He suggested that resident agent laws may be considered tariff statutes and use of state power to benefit local residents in competition with out of state agents or brokers, he suggested, but wondered if the Supreme Court would

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Ala. Agents Ask for More Auto Business, Lower Farm Rates

George H. Butler Elected President at Montgomery Convention

NEW OFFICERS ELECTED

President—George H. Butler, Anniston.

Vice-president—John O'C. Jackson, Mobile.

Chairman executive committee—Jesse Hearn, Roanoke.

Secretary-treasurer—M. R. McGruder, Birmingham.

State national director—Yetta G. Samford, Opelika.

Directors—Charles Morris, Tuscaloosa; R. E. Spann, Dothan; J. M. Allen, Mobile; Max Baum, Montgomery; W. O. Reed, Tusculumbia, and J. B. Barnett, Monroeville.

MONTGOMERY, ALA.—More automobile insurance for the local agent

after the war and a reduction in fire insurance rates on farm property were two subjects covered in resolutions passed by the Alabama Association of Insurance Agents at its annual convention here.

Other resolutions called for strengthening the agency qualification law, asked placement of the reinsurance of the state insurance fund through the association and deplored the adverse decision of the Supreme Court in the S.E.U.A. case and urged Congress to pass a measure exempting insurance from the anti-trust laws.

Urges Local Financing

The resolution on automobile insurance came after a comprehensive address on the subject by Manley Stockton, Atlanta, assistant manager, southern department, Hartford Fire, in which he outlined a procedure by which agents working with local banks may line up fire and casualty business on automobiles after the war. The resolution suggested that local agents should make every effort to get the purchase of various appliances financed locally, including automobiles, by cooperating with their local banks and financing institutions.

In consideration of the drastic reduction in rates on protected dwellings and auxiliary buildings, including contents, the agents requested the committee on rates, rules and forms to confer with officials of the Southeastern Underwriters Association, looking to a reasonable reduction, if a reduction is justified, in the existing fire and extended coverage rates on farm property.

One rural agent reported that an analysis of his business recently showed a 15% loss ratio with one company and 10% with another leading company. He said he thought fire rates should be reduced but that extended coverage rates were reasonable.

W. Ray Thomas, Pittsburgh, vice-president of the National Association of Insurance Agents, in his address praised the Alabama association in increasing its membership dues to take care of its expanded program and assessing agents \$10 each to complete the state's quota for the public relations fund.

(CONTINUED ON PAGE 13)

Membership Growth in National Body

Agency Association Has Added Materially to Its Rolls

NEW YORK—In announcing a net gain of 929 new members in the National Association of Insurance Agents, since September, 1943, L. F. Whelan, Greenwich, Conn., chairman membership committee, revealed there is an immediate potential of over 7,500 eligible prospective members. With this increase, as of Sept. 1, the total represents a new high of 17,376 member agencies.

Number of Non-Members

Preliminary reports from state association membership chairmen disclosed the existence of 7,500 eligible non-members, Mr. Whelan explained. "They are those agents and agencies," he said, "who have a deep interest in their business and are willing to help promote and protect it. The only plausible reason they are not on our roster today is that they have not been actively approached and sold. This condition clearly points to the need for a continuing membership effort, rather than sporadic drives."

The reaffiliation of the Ohio association which will bring into the National organization approximately 1,000 new members Oct. 1, will not alter or diminish the membership drive now in progress.

Competition for the Trophy

State secretaries and managers have been instructed to file their reports in the competition for the Connecticut membership cup by Oct. 8, so that the National membership committee can select the winner which will be awarded at the annual dinner Oct. 10.

This new trophy which was presented to the Alabama association for the first time, last year, is awarded to the state which, in the preceding fiscal year, has the largest total number of points on net membership gain, percentage increase, co-extensive local boards, low membership turnover, and general membership and local board development.

Detroit Agents' President Optimistic on U. S. Stand

DETROIT—Government attacks on the insurance business under the anti-trust laws will not be as serious as many in the insurance business believe that they will be, B. A. Carse, Sibley agency, president Detroit Association of Insurance Agents told that organization at a meeting. The insurance indictment is but a very small part of the anti-monopolistic work of the anti-trust division of the Department of Justice.

Mr. Carse went to college with Wendell Berge, assistant attorney general in charge of the anti-trust suits, and is convinced insurance will not be persecuted but its practices will be viewed fairly and impartially. Mr. Berge is a man of high character and principles who would not engage in unwarranted persecution, Mr. Carse said.

Those who believe a change of national administration might end the anti-trust suits probably will be disappointed if such a change occurs, Mr. Carse explained, since Mr. Berge's influence probably will continue to dominate the department he has built up. Berge is not a "New Dealer" and will be just as aggressive in opposing monopoly in government as in private enterprise.

Gluck Named for Trustee

Carl A. Gluck, Youngstown, has been nominated for district trustee of the Ohio Association of Insurance Agents. The selection will be formally ratified at the convention of the association in Columbus in October.

Premium Tax Receipts by States

In the table below are shown the insurance company taxes received by the individual states for the 1944 fiscal year as set forth in the bulletin "State Finances: 1944" gotten out by the Bureau of the Census. The figure for South Carolina was not available, and District of Columbia is not included in the tabulation. For Colorado and Maryland the figure includes license fees because segregation from premium tax was not available.

The total amount is \$123,926,000 and including an estimate for South Carolina the figure is \$125,126,000.

Alabama	\$ 1,485,000
Arizona	316,000
Arkansas	973,000
California	9,687,000
Colorado	992,000
Connecticut	4,622,000
Delaware	450,000
Florida	1,502,000
Georgia	1,783,000
Idaho	451,000
Illinois	10,301,000
Indiana	3,118,000
Iowa	1,964,000
Kansas	1,518,000
Kentucky	1,727,000
Louisiana	1,884,000
Maine	777,000
Maryland	2,355,000
Massachusetts	1,818,000
Michigan	5,376,000
Minnesota	2,395,000
Mississippi	868,000
Missouri	3,026,000
Montana	405,000
Nebraska	781,000
Nevada	114,000
New Hampshire	453,000
New Jersey	5,051,000
New Mexico	299,000
New York	16,491,000
North Carolina	2,242,000
North Dakota	396,000
Ohio	7,788,000
Oklahoma	2,136,000
Oregon	1,224,000
Pennsylvania	9,118,000
Rhode Island	895,000
South Dakota	390,000
Tennessee	2,129,000
Texas	5,677,000
Utah	591,000
Vermont	313,000
Virginia	2,406,000
Washington	1,932,000
West Virginia	1,059,000
Wisconsin	2,486,000
Wyoming	182,000

Senate Committee Takes Up States Rights Bill

WASHINGTON — The insurance states rights bill was scheduled for consideration at a special meeting of the Senate judiciary subcommittee Thursday. The meeting was called by telegraph by Chairman McCarran, who returned to Washington Wednesday. It will be executive.

Senator McCarran said he called the meeting to consider the bill, "which has been pending a long time, for whatever action the committee wishes to take."

"Some action should be taken," he added.

Merger of San Antonio Agencies

H. L. Davis, Sr., announces the merger of T. V. Turner Company general agency in San Antonio, Tex., with H. L. Davis & Son. Mr. Turner has represented several companies for the past 10 years, among which was the Massachusetts Bonding. Mr. Turner has moved his office to the Davis building, 509 San Pedro Ave., and will be actively associated with Davis & Son. There will be no change in the personnel or in the companies in either office. The consolidation has been completed.

Hearing on Wartime Health

WASHINGTON—The Pepper Senate education and labor subcommittee on wartime health will hold hearings here Sept. 18-20. A number of persons from the medical profession, hospitals, etc., will testify, along with Mayor LaGuardia of New York, who will present material on his projected health insurance plan for New York City.

Taxing Power of States Altered by S.E.U.A. Decision

Situation Analyzed by Insurance Tax Authorities at St. Louis

ST. LOUIS—"Foreign insurance companies will no doubt have to pay the same amount of taxes for purely local transactions and privileges as local commerce," as a result of the Supreme Court decisions in the S.E.U.A. case, Charles W. Tye, tax counsel of Maryland Casualty, stated in addressing the insurance section of the National Tax Association here.

Exceptions Noted

Mr. Tye believes judicial relief would be available to foreign insurers if they are placed at a disadvantage with purely local competition by being compelled to pay multiple state taxes on single interstate transactions where similar local commerce bears only one tax; or if they are being taxed in effect for the privilege of engaging in interstate commerce in the state; or if they are subjected to a general privilege tax measured by gross premiums but not properly apportioned to reflect purely local business, except where there is no possibility of the same business being taxed in another state, or if they are subjected to a discriminatory rate or higher rate or measure of tax imposed on others, such as domestic companies, in the same class.

Mr. Tye expressed the opinion that the S.E.U.A. decision throws state taxation along with state regulation into considerable confusion, and he believes that legislative changes will be necessary. If foreign companies are held to be engaged entirely in interstate business, then much of the state taxation is not sustainable, he believes. He suggested that cooperation by the companies and the states should be the keynote in preserving sound state revenue programs.

Scheufler's Review

An interesting comparison between revenue produced by taxation of insurance as compared with revenue produced by taxes on other items was made in a paper by E. L. Scheufler, Missouri insurance superintendent. In New York in 1942 the tax on public utilities produced \$23,537,000, that on insurance companies \$16,428,000, and on general property \$2,224,000; in Nevada there was no revenue from utilities, \$18,000 from insurance companies and \$1,388,000 from general property; in Connecticut the three figures were \$3,359,000, \$4,169,000 and \$1,654,000, and in Missouri, \$15,000, \$3,250,000 and \$4,721,000. Mr. Scheufler was ill and his paper was read by Roy Riepenbrock, department actuary.

Mr. Scheufler said there have been various factors motivating the taxation of insurance companies. In most states the production of income has been a secondary consideration, he said. Other purposes have been the necessity of regulation with its attendant costs, stimulation of new enterprise, retaliation, and in some states encouragement of domestic insurers. He said that when New York began to tax companies in 1824, the rate was 10% on premiums collected within the state on foreign fire insurers, within the state on foreign fire insurers. Matthias, Chicago, said a serious legal question arises should the charge of "discrimination" be leveled at the differentials between domestic and foreign taxes. He does not believe that all of

(CONTINUED ON PAGE 13)

Inter-Company Claims Under 10% Extension Pile Up

Many Complexities in Fixing Liability Where Bailee's Cover Is Involved

NEW YORK—The 10% off-premises fire coverage in dwelling forms is resulting in the accumulation of thousands of unsettled claims of insurers against one another on losses involving customers' garments in the hands of laundries and dry-cleaners. The situation is somewhat chaotic but the claims are generally for such small amounts that it is hardly worth any single company's while to go to the heavy expense of getting a final determination of liability.

In some cases the customer's insurer is paying the full claim under loan receipt and making claim against the bailee's insurer. In others, the bailee's insurer is paying the customers' claims and proceeding against the customer's insurer if the coverage has the 10% off-premises feature. A company that is paying the customer and proceeding against the bailee's insurer may also in another case be paying as the bailee's insurer and proceeding against the customer's insurer.

Involve Older Form

Practically all these disputed claims are under the type of off-premises coverage adopted some time ago, which has a somewhat different wording with respect to "other insurance" than the new "nationwide" dwelling form which was announced April 27 and recommended for general use, as the latter has not been in effect anywhere long enough to give rise to any number of claims. The older form containing the off-premises feature usually states that the insurance shall be excess over other insurance.

In view of this wording there appears to be a possibility that the courts might hold that the insurer is liable regardless of any coverage that the bailee may have. There is a case in the federal circuit court of appeals in Pennsylvania (Automobile Ins. Co. v. Springfield Dyeing Co., 109 Fed. (2nd) 533 Pa.), which holds in substance that if a policy states that it is "excess over other insurance," without saying whether such other insurance is effected by the insured or by another or without making clear that "other insurance" includes insurance taken out by someone other than the insured the contract is to be construed strictly against the insurer, in that it will be held to refer only to other insurance procured by the named insured. Assuming that the courts which try cases involving the off-premises feature are persuaded that the circuit court's decision is good law this would mean that the owner of a suit which was destroyed by fire at a dry cleaner's would say to his insurer, "the suit was burned up, I procured no other insurance on it, so pay me, and with no strings attached."

If the excess clause of the 10% extension of the fire form is considered to apply only to other insurance effected by the assured and if the bailee's policy contains an effective excess clause, the customer's insurer would have no recourse against the bailee's insurer. (Sperling et al. v. Flato et al., 47 N.Y.S. (2nd) 661). Of course, if there were negligence on the bailee's part there might be an ordinary subrogation action but this would involve no question of conflict of insurance.

Even though the courts should not

Adopt Constitution for D. of C. Bureau

WASHINGTON—The governing committee of the new District of Columbia Fire Rating Bureau, Chairman William N. Payne reports, has formally adopted the bureau constitution as approved by Superintendent Jordan. It is being printed and mailed out to 280 companies doing business here. A preliminary assessment of 1%, based on 1943 premium writings, was ordered, payable not later than Oct. 15. This will yield about \$30,000.

Mr. Payne was confirmed as chairman. A. R. Phillips, president Great American, was named vice-chairman of the governing committee and Walter Bastian counsel for the bureau. The executive committee includes chairman, Albert W. Howard, vice-president Firemen's of District of Columbia; vice-chairman, Harry Hazelhurst, Jr., state agent Royal; Frank A. Powell, Travelers Fire; Charles M. Boteler, Mutual Fire of D. C.; Albert I. Butler, Home; W. K. Crosby, Fireman's Fund; R. Edward Early, National Capital; Charles F. Holden, North America; W. H. Marbury, National Union.

Mr. Payne announced meetings of the governing committee Sept. 21 and of the executive committee Sept. 15. It is understood the new bureau is up against the manpower problem and General Counsel Bastian is taking up with the U.S. Employment Service the problem of securing needed personnel for the new bureau without going through War Manpower Commission routine.

There was no change made in response to the demand of local agents for representation on the bureau's executive committee.

Some lawyers now say that the new rating bureau being set up has no authority to make rates, that it can merely send schedules and minimum classifications or rates to the superintendent for approval. The new District law has been described as based on the Virginia insurance law under which the rating bureau in that state is said to have authority to make rates.

When the question of the bureau's authority to make rates was submitted to the D.C. insurance department, an official replied that "the law will govern that."

adopt the reasoning of the federal circuit court of appeals in the Automobile case, they might follow the recent decision in the Brooklyn Yarn Dye case in which the New York court of appeals held that all inland marine floater policies must contribute on an equitable basis despite attempted excess clauses. Such a holding would of course depend on the court's interpreting the 10% feature as being floater coverage and therefore subject to the same rule as an inland marine floater.

Basis of Apportionment

Although various rules of apportionment might be used it would seem clear that the share of the fire policy would be based on its 10% floating coverage and not on the full face amount of the policy.

The new dwelling form states that the coverage shall contribute along with other insurance. There is no attempt to make it excess. Bailees' insurers will doubtless attempt to make the customer's policy pay the entire loss, up to 10% limit, on the ground that it has no clause designed to make it excess and hence is primary insurance. The court of appeals' ruling in the Brooklyn Yarn Dye case may be used, however, to argue that the off-premises coverage should not do more than contribute along with the bailee's insurance, since some of the owners' policies in the Brooklyn Yarn case contained no clauses making them clearly excess but merely provided that it would contribute with other insurance.

Explosion Body Has Bulletin on V-Day Celebration Loss

Suggests Endorsement on Riot and Civil Commotion Will Cover

NEW YORK—A suggestion to its member companies that property damage in V-day celebrations might be indemnified under the customary vandalism and malicious mischief endorsement to the regular riot and civil commotion policies is made in a special bulletin by the Explosion Conference, was in response to increasing inquiries as to whether special V-day protection would be needed by policyholders.

The executive committee of the Conference has studied various proposals, including request for an official interpretation, a V-day endorsement and a V-day policy.

Special Policy Not Necessary

The bulletin says: "The committee decided that neither special endorsement nor special policy is necessary. The committee also recognized that it is not within its authority to interpret contracts—that must remain the function and responsibility of the companies. However, the committee did consult a number of senior executives and concluded that a bulletin should go to the membership advising of the overwhelming consensus of opinion which is as follows:

"Provided the vandalism and malicious mischief endorsement is attached to a riot and civil commotion policy, to an extended coverage endorsement or to a supplemental contract which provides full standard riot and civil commotion coverage, it will be reasonable for companies to interpret such combination of contracts to cover damage attributable to V-day celebrations, subject, of course, to the conditions of such contracts not in conflict with such interpretation."

Name Supervisors' New Committees

President N. R. Johnson of the National Association of Insurance Commissioners announces the committees for the year. He reduced the size of some committees and eliminated some of the subcommittees of special committees heretofore in existence. The subcommittees will be appointed by the chairmen of the respective committees. The executive committee is as follows:

Scheufler, chairman, Missouri; Harrington, vice-chairman, Massachusetts; Lockhart, Texas; Dineen, New York; Fraizer, Nebraska; Carroll, Rhode Island; Neel, Pennsylvania; Larson, Florida; Erickson, North Dakota; Graves, Arkansas; and Thompson, Oregon.

The sub-committee on federal legislation is J. Herbert Graves, chairman, Arkansas; Harrington, vice-chairman, Massachusetts; Dineen, New York; Johnson, Minnesota; McCormack, Tennessee; and Scheufler, Missouri.

Accident and Health—Garrison, chairman, California; Knowlton, vice-chairman, New Hampshire; Ensor, Maryland; White, Mississippi; Fraizer, Nebraska; Parkinson, Illinois; Erickson, North Dakota; and Kavanaugh, Colorado.

Blanks—Robinson, chairman, Ohio; Coulbourn, vice-chairman, Virginia; Hooker, Connecticut; O'Connell, Massachusetts; Diepenbrock, Missouri; Guertin, New Jersey; Collins, New York; McAtter, Washington; Berger, Pennsylvania; Sanford, Michigan; Knudson, Iowa; Hodder, Nebraska; Phillippi, Alabama; McGovern, Rhode Island; Olshen, Oregon; and Sellman, Tennessee.

Sub-Committee—Hobbs, chairman, Kansas; Mueller, South Dakota, and Holmes, Montana.

Laws and Legislation—Fraizer, chairman, Nebraska; Thompson, vice-chairman, Oregon; Fischer, Iowa; Ensor, Maryland; Parker, Georgia; Harrington, Massachusetts; Garrison, California;

(CONTINUED ON PAGE 19)

Good Crowd for Annual Parley of Montana Agents

Problems of Legislation, Production Taken Up at Helena

NEW OFFICERS ELECTED

President—Ed Heidel, Bozeman.
Vice-president—Kelsey Haviland, Deer Lodge.
Secretary-treasurer—Arnold Huppert, Livingston.

HELENA, MONT.—The annual 2-day convention of the Montana Association of Insurance Agents here this week was attended by more than 200.

President H. O. Morgan of Glasgow called the meeting to order. The invocation and pledge of allegiance was given by past President Chauncey R. Fowler, Lewistown; the welcome by Mayor Haytin with response by past President Matt Kelly of Anaconda. Out of town guests included H. F. Badger, executive secretary of the Pacific Board; George W. Kemper, manager accident and health department, Fireman's Fund Indemnity, San Francisco; Neilson K. Masten, manager of the northwest service office of Aero Insurance Underwriters, Spokane; John T. Breckon, manager Business Development Office, San Francisco; Guy Landes, Tulsa, member executive committee of the National association; Frank J. Agnew, public relations officer of the National Board, San Francisco. Commissioner John J. Holmes and Chief Deputy John Sheehy.

Official Report

Mr. Morgan reported the association in exceptionally fine condition. Secretary Arnold Huppert of Livingston said in commenting on the attempt of the CIO to gain power that such attempts are a "great danger to the American way of life and our desire to continue to be a free nation of free people and free enterprise."

Reports of fire insurance contact and public relations committees were given by Matt Kelly and George R. Miller, Helena.

Mr. Masten's talk giving a history of aviation insurance and outlining helpful hints on its solicitation after the war when aeroplanes will be in much wider use by civilians, was well received.

The highlight of the afternoon session was the address of Attorney E. G. Tommey of Helena on "Free Enterprise."

Other Reports

State National Director P. J. Driscoll of Butte reported. Mr. Kemper illustrated his talk on A. & H. with charts.

Mark Farris of Fireman's Fund Indemnity gave some ideas on the solicitation of business following the war.

There was a golf tournament followed by the annual dinner dance and banquet, attended by more than 250.

FRANK AGNEW'S TALK

Frank J. Agnew of San Francisco, public relations representative of the National Board, devoted his talk largely to observations on the recent U. S. Supreme Court decision holding insurance to be interstate commerce and subject to the federal anti-trust laws. He said that about 100 years ago sev-

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Agents More Active in Auto Financing in the Future

Alfred Dreifus of Detroit Analyzes the Situation on Installment Buying

DETROIT—Alfred Dreifus of this city, chairman of the automobile committee of the Michigan Association of Insurance Agents, who has been prominent in the conferences that have been held in the east by those studying automobile insurance, made a valuable report at the annual meeting of the Michigan body in which he analyzed the automobile insurance figures for the last three years and predicted that in the future there would be much more financing through banks in which agents will play a prominent part. He urged agents to give the highest service to their automobile assured these days so that they can be prepared to control the financing in the future.

Combined Figures Given

The automobile end, he said, is the most volatile and therefore the most difficult branch of the business. He referred to the restrictions placed on the manufacture of automobiles for civilian use, priority rules as to gasoline, tires, etc. Approximately 11 million men are now in the armed forces, thus taking out thousands of automobile owners, he said. Rates on all coverages have been considerably reduced. Total automobile premiums, he reported, in 1921 were upwards of \$833 million; in 1942, \$694 million, a decrease of 17%, and last year \$619 million, a further decrease of 9% or a total decrease of 26%.

He gave the combined stock casualty and stock full cover company figures, in 1941 being \$349 million; 1942, \$344 million, decrease 1½%; 1943, \$301 million, decrease 12½% or a total of 14%. The stock physical damage premiums in 1941 were \$277 million; 1942, \$145 million, decrease 48%; 1943, \$135 million, a decline of 4% or a total of 52%.

Large Proportion Financed

These figures include finance business and that was 55% of the fire companies 1941 volume. General Exchange figures declined from \$40 million in 1941 to \$8 million in 1942. If the other finance business declined proportionately the approximate finance volume for 1942 was \$30 million leaving \$115 million as the agents' production figures for that year. In 1943 the agents' production figures would be \$116 million. Stock casualty and full cover figures show a decrease of 14% from 1941 to 1943, which is understandable as the rate reduction at the end of 1942 and the beginning of 1943 more than accounts for the difference. The war emergency rate re-

ductions probably average about 20%, he said.

If the premium volume decreased only 14% it indicates an increase in number of units insured during a period when the number of assured was supposed to be declining due to military service and layup or disposal of cars. A very substantial portion of the increased number of units, he believes, was undoubtedly due to improved economic conditions, plus the increasing number of newly enacted financial responsibility laws.

Stock fire figures adjusted to agency

production, he said, present an interesting picture; 1941 was the biggest new car year of all times and also represented the peak in premium volume. Insurance renewed in 1942 on 1941, 1940 and 1939 models was written at approximately 15% less than the rates charged for the same cars in 1941 due to changing age groups. Insurance renewed in 1943 on 1941 and 1940 models received a further similar reduction. In the face of this the agency force production declined only 8% in 1942 and remained substantially unchanged in 1943.

The reason, he said, for this is obvious. When the finance accounts were paid up the insurance on such cars was no longer subjected to finance company control. The average agent, he declared, is now in the position that he has more units of automobile business than before, a very healthy situation. Mr. Dreifus further feels that when the war is over and the military forces are demobilized, a substantial volume of additional units will be written.

He said the agent now is in no different position than most of the manu-

(CONTINUED ON PAGE 10)

WILLIAM G. LONG
JUDGE OF THE SUPERIOR COURT
SEATTLE 4

April 3, 1944

American District Telegraph Company
1337 Fourth Avenue
Seattle, 1, Washington

Gentlemen:

With reference to your report on the fire occurring in the King County Juvenile Detention Home on March 3, I wish to express my heartfelt appreciation for the service which your Aero Automatic Fire Alarm system rendered.

In this detention home there is an average population of between twenty-five to thirty-five boys and girls ranging in age from infants to eighteen years.

Doors, windows and fire escapes are necessarily always locked in order to prevent escapes. This, of course, creates a potentially hazardous situation in case of fire and has been a constant source of worry and concern to me, because I am officially responsible for the safety of every child being detained.

The possibilities of panic in a fire have continually haunted me until we had an actual demonstration as to what your equipment actually does in time of emergency.

The fire was incendiary, having been planned and executed by some boys in detention who carefully worked out the details of a general escape of all inmates in the confusion which they thought would follow the fire.

In this plan they were frustrated for the reason that the automatic detector spotted the fire in the isolated clothes closet and in a few moments the fire department and police officers were on hand directing their attention to the specific spot of origin. It was all over in a few moments, no particular damage was caused, there was no panic, no confusion and no casualties.

As a matter of fact, it all happened so quickly and was so effectively handled that the staff workers in the other part of the building were not even disturbed and really didn't know what was happening until it was all over.

In my opinion, the entire cost of maintaining this alarm system, both past and future, has been more than paid for in this single incident.

I extend to your company, and to your representative who negotiated the installation, my heartfelt gratitude.

Yours respectfully,

W. G. Long

WGL:BT

THANK YOU, JUDGE LONG...

We are sure that everyone who is directly or indirectly responsible for the safety of life and property will welcome your opinion of the protection A. D. T. Aero Automatic Fire Detecting and Alarm Service affords...every moment of the day and night. Booklet and complete information on this widely endorsed fire detecting system will be sent without obligation. Write us...TODAY.

A. D. T. ELECTRIC PROTECTION SERVICES

Controlled Companies of AMERICAN DISTRICT TELEGRAPH CO. 155 Sixth Avenue, New York
CENTRAL STATION OFFICES IN ALL PRINCIPAL CITIES OF THE UNITED STATES

A.D.T.

Electric Protection Services
AGAINST FIRE · BURGLARY · HOLDUP
A NATION-WIDE ORGANIZATION

Approved For Plant Protection

JUSTRITE

OILY WASTE CANS
The safety container for oily waste, rags and other flammable material.

SAFETY CANS
For storing and handling explosive or flammable liquids with safety.



Approved by Underwriters' Lab., Inc., and Associated Factory Mutual Fire Ins. Cos.



JUSTRITE MANUFACTURING COMPANY
2067 N. Southport Ave., Chicago, Ill.

Urges End of Actual Value Policy

(CONTINUED FROM PAGE 3)

claim," the report states. "It has been admitted by many underwriters that loss adjustments under this form in normal times were more favorable to the companies than under the stated amount form."

DROP IN VALUES

Concerning the contention advanced in favor of the actual cash value form that it does not have the appearance of a valued policy as does a stated amount policy, the report argues that although it is true that the actual value form does not establish a specified dollar limit of value it is reasonable to assume that loss adjustments will be governed or limited by the average amounts used to determine the premium at the various ages of the vehicle. Under the actual value method of rating there is a presumption that the automobile's value goes down rapidly, more rapidly than is the basis on which cars are insured under the stated amount plan. The report cites figures to show that the plan used to

determine actual value premiums for private passenger cars confirms this statement.

The report contends that the present basis of establishing actual value premiums operates more favorably for the companies in normal times than the stated amount basis and that under the actual value method of underwriting the companies in their loss adjustments attempt to limit their liability when total or constructive total losses are most likely to occur (i.e. in the first three years when the automobiles have value in excess of the premium base) while on the other hand later on when the likelihood of total loss is not so great but the number of partial losses increases the companies receive premiums on amounts of coverage in excess of the actual cash value of the insured cars.

Effect of Face Amount

As for the argument that most losses are partial and therefore adjusted on an actual value basis regardless of which type of policy is written, the report states that nevertheless it is reasonable to assume that the parts of a vehicle insured at \$1,500 (stated amount) would be worth more than those of a car insured for \$800 (stated amount) and at the time of loss, either total or partial, consideration is given to the coverage amount which was tacitly agreed upon at the policy's issuance by the insured and the underwriter as indicative of value.

The greater convenience to agents and brokers resulting from the manual containing premiums instead of rates is of such little importance that it is insufficient by itself to justify the continuance of the actual value basis, according to the report, for it could be argued that the elimination of the actual value premiums will help reduce the size of the manual and otherwise simplify the determination of rates and premiums.

Arguments for Stated Amount

The report cites the following arguments in favor of retaining the stated amount policy:

1. It fixes a limit of liability of which both underwriter and assured are aware. Thus it acts as an estimate which was determined without prejudice at the time the policy was issued rather than after a total or constructive total loss has occurred. While in rebuttal it may be said that lack of a coinsurance provision under the stated amount form may result in an assured requesting inadequate coverage and yet being fully indemnified in the event of partial loss, this is not of practical importance, as actually there is very little underinsurance. However, it could be remedied by providing for a minimum amount of coverage according to price, age and condition.
2. Attachment of the valued monthly reduction clause would permit a stated amount of value (or limit of liability) with provision for depreciation, to be used in the adjustment of loss.
3. It takes cognizance of differences in car values due to care, maintenance and mileage. On renewal, the underwriter is required to establish the value of the car for insurance purposes. If the assured objects to the amount, that is a better time to discuss values than at the time of loss.

PROTECTS INSURERS

4. It has all the safeguards for the companies of the actual value form in the event of overinsurance. The physical damage policy provides for payment of loss on the basis of the actual value of the vehicle but not in excess of any limit of liability stated in the contract. Under this limit of liability condition an insurance carrier would never be required to pay on a claim more than the value of the car.

5. It permits selection of insured val-

ues in line with changes in market conditions affecting actual values. The stated amount system is well suited for increases in value, such as have recently occurred or for decreases in value such as may be expected following the war period.

Regarding the discontinuance of formula A, which is used for rating large fleets and formula B, for smaller fleets and the substitution of a single rating plan, the report states that the new rating plan should be a simplified one using factors which will reasonably reconcile the results to be obtained under the plan with the basic manual rates. The report suggests a formula for experience rating of fleets, including fire, theft and comprehensive coverages, stating that it should start from basic manual rates with such averaging as may be proper for groupings of various types of vehicles composing different fleets. Credibility factors should be adopted for size of fleet. Individual risks should bear a larger share of their own experience over the entire experience period than they do now.

"It is to be hoped," the report adds, "that the N.A.U.A. does develop and put into use a formula within a reasonable time instead of presenting to the department some evidence that studies are being made and then allowing the matter to drift without definite action."

The report recommends that if the association decides to continue the use of the A and B formulas that it be made to justify the factors used, based on experience and tables of credibility.

Criticizes Slow Progress

"The minutes of the association show that it is aware of the fact that these formulae are unsatisfactory and admits that something should be done but has been very slow in adopting any workable plan," the report observes. "These formulae were criticized in the last report of examination but little action was taken by the association. It is your examiner's opinion that such a wide variety of starting bases produces inconsistent results and that a single basis for calculating fleet rates should be used."

If fleet formula A continues to be used it should be related to basic manual rates, the report contends, while experience should be weighted and thus reflect that risks of like size, hazards and loss experience receive the same rate treatment. A large portion of catastrophe losses should be used in determining the experience modifier and the losses spread over a period of years. The report contains statistics, based on actual cases, which indicate that formula A produces results such that some risks that have no losses or exceptionally good experience over a period of years may take a higher rate than other risks with bad experience for the same period. Pointing out that loss rates may not be increased in one year more than 25% no matter how great the losses are, with losses in excess of the adjusted premium in any one year being considered "catastrophe losses" and thus not used in arriving at the experience modifier, the report states that "high loss ratios should not be disposed of in this fashion."

FORMULA B

If fleet formula B is retained the report recommends that total experience of a risk should be used in determining the final allowance. Fire rates on commercial automobiles should be developed from the manual class rates rather than from garage, fire contents rate.

"As is noted from the formula, rates for commercial cars, other than public vehicles are based on the garage fire contents rates and bear no relationship to the experience or rates of individually rated commercial cars," the report points out. "If the manual rates correctly reflect the experience of commercial automobiles it would appear that the association would more properly develop its

fleet rates from the manual class and not from the garage fire contents rates."

The report cites five fleets in the B classification which show an average reduction from manual of 64.7% for fire and 53.5% for theft in the case of commercial cars while for private passenger cars the fire percent reduction is 35.2% for fire and 32.5% for theft. "Either there is no justification for the fleet rates shown (in the exhibit) or the manual rates are disproportionately high," the report states.

It is also pointed out that under the B formula five cars could produce a premium lower than one car rated at manual, assuming all cars to be of equal value. "This is further evidence of disproportionate treatment of fleet risks as compared with manual rates," the report remarks.

Discussing the collision fleet rating plan used by the association the report criticizes the present formula as producing unjustifiable experience credits. It points out that a risk with 26 or more automobiles with a loss ratio of 80% would receive a credit of 10% and with a 90% loss ratio would get a 6% credit. While sympathizing with the reasons for the omission of a final debit charge Mr. Montesani states that "it is difficult to understand the necessity for credit allowance as an encouragement to risks which, although of substantial volume, are without question unprofitable. It is recommended that the association give some study to the correction of this undesirable result . . . it is the opinion of your examiner that a risk with a loss ratio of over 70% is not entitled to a credit in rate."

Other Suggestions

Other recommendations in the report include the elimination of the specific fire and theft coverages from the manual because such a small volume of these is written, reduction of the number of price symbols for fire, theft and comprehensive coverages from 17 to four or five, and with respect to fire possibly to an even smaller number; and the revision of "new" and "old" car definitions. As respects the number of price symbols, the report states that recent models of all makes are so well constructed that any difference in motor or engine operation from a fire hazard standpoint is of no practical significance.

The report suggests that since more than 85% of the premium volume is reported under car symbols A to E a single symbol be substituted for the 12 symbols F to "above Z" inclusive, while perhaps two or three symbols could be substituted for the present A to E symbols.

As to revising the "new" and "old" car definitions, the report contends that in view of improved car construction, greater efficiency of operation and longer life of private passenger cars today, it would appear that the older car's greater fire hazard, apparently due to greater likelihood of self-ignition does not show up until perhaps two or two and one-half years after the original sale of the vehicle. The present line of demarcation between old and new cars is 18 months. The report states that the line should be established at the point where, because of the car's greater age, it becomes subject to greater loss frequency and that this division between new and old should be re-examined whenever warranted by conditions.

E. D. Purkey, special agent of New York Underwriters at Pittsburgh, marked his 25th anniversary in the field with that company. He has been in the Pittsburgh field except for a year in Maryland.

D. J. Gallagher, Western Actuarial Bureau, and Emil Hepp, secretary, Springfield Fire & Marine, Chicago, have just returned from a two weeks vacation in Mexico. One of the highlights of their journey was a bull fight in which a matador who avoided the bull by too wide a margin was arrested, thrown in jail and fined.



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NEWS OF FIELD MEN

Ohio Field Men in Cincinnati Muster

CINCINNATI—At a meeting of the Ohio Fire Underwriters Association here, V. E. Keenan, National Union Fire; J. R. Small, adjuster, Home of New York, and R. D. Hill, adjuster, Home of New York, all of Columbus, Ohio, were elected to membership. E. T. O'Brien who was formerly in the field in northeastern Ohio and who had gone to Hartford to engage in agency work, resigned. Reporting on the activities of the speakers club, C. R. Hartwell, Factory Insurance Association, said the club receives 10 to 15 requests a week for speakers. More help is needed. He suggested extension of the speakers club to cover the entire state. Presiding for the first time as president, R. W. Nelson, Home of New York, appointed chairmen of the standing committees: Rules—H. H. Gamber, North British & Mercantile; legislative—R. S. Tidrick, Springfield F. & M.; public relations and education—C. R. Hartwell, Factory Insurance Association; fire prevention association contact—C. D. Lamb, Automobile.

BLUE GOOSE RALLY

The annual fall round-up of the Ohio Blue Goose at Summit Hills Country Club, south of Cincinnati in Kentucky brought together the largest attendance of ganders and guests attending a fall party here in years. The afternoon was given to various sports.

K. J. Hoag, Fireman's Fund, won the Cincinnati Fire Underwriters golf trophy. Other golf prizes went to T. W. Earls, Earls-Blain Agency, and C. F. Miller, Midland Agency.

Guests at the dinner included B. J. Houston, chief, and R. P. Williams, superintendent fire prevention, Cincinnati fire department; L. U. Jeffries, warden and T. L. Woods, administrative assistant, Ohio insurance department.

At the business meeting, nine goslings took their first swim: K. G. Van Meter, Western Adjustment, P. P. Franzen, Loyalty group, Columbus; J. E. Thompson, Western Adjustment, Covington, Ky.; D. A. Benedict, adjuster and inspector, Potomac Fire, Cincinnati; W. P. Mills, adjuster, Western Adjustment, Cincinnati; L. A. Harris, adjuster, Western Adjustment, Cincinnati; and W. W. Davis, attorney, Cincinnati; F. J. Gunther, Home, Columbus; R. O. Bost, Ohio Fire, Hamilton, Ohio; D. R. McDermott, state agent, Eagle Star, Cleveland.

Report on War Activities

Most Loyal Gander E. F. Gallagher reported on his trip to the grand nest meeting. Ohio will cooperate with the grand nest committee on war activities to aid returning members to reestablish themselves in the insurance business. Visitors included J. R. Hull, vice president, American States Fire, Indianapolis; James Gibson, state agent, American States, Indianapolis.

A special Christmas edition of "Pin Feathers" the Ohio pond publication will be prepared and forwarded to the 57 members now in armed services.

Trezevant & Cochran Makes Changes in Texas, Okla.

Charles G. Murray is being transferred by Trezevant & Cochran of Dallas from Texas to Oklahoma as field supervisor, and D. E. Parry is being added to the force for that state.

Mr. Murray has spent most of his insurance time in Texas as local agent, company man and goes immediately from the license department of the fire insurance commission. Mr. Parry for

the last seven years has been with the Audit Bureau in Oklahoma City.

W. F. Carey, who has been in the Oklahoma field for the last nine years for the organization, is being transferred to the central Texas field, due to his health.

Selvig Returns to Field Work

Neil Selvig, who has been a captain in the army, is now honorably discharged and is returning to field work for the Security of New Haven in Minnesota. He formerly was in the territory before going to war.

K. C. Pond Holds Outing

The Heart of America Blue Goose held a golf tournament and buffet supper at Kansas City, attended by 150 members and wives. George Bredberg, Western Adjustment, was chairman of the entertainment committee. Alex B. Young, Hartford Fire, m. l. g., announced that monthly luncheon meetings will be resumed Sept. 18.

Tennessee Field Men Meet Oct. 9

NASHVILLE—With the first meeting of the new year scheduled for Oct. 9, the new president, Henry Roberts, Boston, announced election of R. H. Gustetter, Phoenix of Hartford, as executive committee chairman of the Tennessee Fire Underwriters Association, and the appointment of committees. The chairmen are: Public relations, Leon McGilton, American; legislative, Paul Eldridge, Niagara; audit bureau, W. R. C. Stewart; inspection bureau, W. E. Bethshares, North America; conference, H. R. Trickey, St. Paul.

Missouri Field Men Meet

About 75 attended the meeting of the Missouri Fire Underwriters Association in Jefferson City, with Guy E. Dixon, state agent of Great American, president, in charge. Ben Butler, manager of Western Adjustment at Kansas City, spoke on "Business Interruption Insurance."

The executive committee met the preceding day with Chairman O. D. Cox, American, in charge. The Missouri Fire Prevention Association held a banquet that evening, and Lester B. Eipper, St. Paul Fire & Marine, president, announced plans for promoting fire prevention week. B. J. Fradenburg, veteran Kansas City local agent, was a guest of the association.

New Cal. Blue Goose Members

LOS ANGELES—The California Blue Goose elected five new members, who will be initiated with 15 others at the next meeting.

W. E. Eleison of the foreign and domestic department of the U. S. Department of Commerce spoke.

McBride in Field Position

Harry W. McBride has been appointed special agent in Kentucky and Tennessee for National Fire. He is a native of Tennessee. He was with the Tennessee Inspection Bureau at Nashville for six years and for the past 15 years has been special hazard inspector for the Oklahoma Inspection Bureau at Tulsa. He has had training in the western department of National in its engineering, automobile, inland marine and reporting cover departments. He will assist State Agent W. P. Huffman and will have an office with him in the Starks building, Louisville.

Arson and post-war conditions were discussed by Capt. Carl A. Halter, head of the arson bureau of the Los Angeles fire department, before the Southern California Fire Underwriters Association.

Allen C. Guy of Columbus, Ohio su-

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In thousands of industrial plants, service stations and other places where oily, grease-soaked floors are a constant threat of fire and costly accidents due to falls, these two OIL-DRI products afford welcome relief.

Skiddy, slippery floors are responsible for thousands of avoidable accidents that cause the loss of countless production hours so vital to the war effort. Nearly one percent of these falls are fatal . . . Worker's compensation payments and other losses due to such accidents lay a heavy toll on insurance companies.

A substantial portion of these losses can now be prevented by the systematic use of OIL-DRI and OIL-DRI-SOLUBLE. It will pay you to recommend these products.

We maintain a national sales organization to work with your inspectors in contacting your clients. No cost or obligation to you.

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CHICAGO 40, ILLINOIS

pervisor of Western Adjustment, will address the Ohio Stock Fire Insurance Speakers Association next Monday on "The Company Representative's Role in Industrial Insurance Problems."

The Ohio Blue Goose is planning to hold a joint meeting with the Western Reserve pond in Cleveland early in February.

The Kansas Fire Underwriters Association held its first fall meeting in Topeka Sept. 12. E. P. Janousek, Security of New Haven, is president.

Fall and winter activities of the Minnesota Fire Prevention Association will get under way Sept. 20 with an inspection at Wells, to be followed Oct. 18 with one at Lake City.

COMPANIES

State of Pa. Executive Office Has Been Moved to New York City

The executive office of the State of Pennsylvania, one of the oldest companies, incorporated in 1794, which has had its head office in Philadelphia, is moving to New York so that the three companies comprising the group can be together, they being the Globe & Rutgers, State and the American Home. This move is intended to coordinate the operations so that better and more complete service may be rendered. The first step was taken in 1937 when the Globe & Rutgers and American Home were a group, the officers and staff heretofore separate becoming joint employees.

The most recent step was the early part of this year when the active operating officers of the state became officers of the other two companies. Therefore, starting this week the headquarters of the State of Pennsylvania will be at 111 William street, New York, N. Y. Vice-president S. P. Rodgers, Elmer Van Dusen, assistant secretary, J. C. Stevens and members of the staff will not locate in New York. The home office and the Philadelphia department covering also Delaware will remain at 308 Walnut street, Philadelphia, under the supervision of Assistant Secretary L. E. Roaf. O. L. Brooks is president of all three companies.

Littlepage to N. A. Home Office

North America has transferred Charles F. Littlepage from the general cover department in the New York office to the home office in Philadelphia. He formerly was manager of the actuarial bureau of the National Board.

Providence Washington Dividend

Directors of Providence Washington declared a 25 cent per share dividend, payable Sept. 28 to stockholders of record Sept. 11.

Home of Hawaii Change

The Home of Hawaii announces the election of Ralph E. Clark as president succeeding F. C. Atherton, who has resigned as president and director due to ill health, and also his increasing responsibilities as territorial director of the USO. Mr. Clark has been executive vice-president. Leslie Deacon, secretary of Castle & Cooke, has been appointed director to succeed Mr. Atherton.

Agents More Active in Auto Financing

(CONTINUED FROM PAGE 7)

facturers of war material. Their most important problem will be reconversion to a peace time basis.

As Mr. Dreifus views it, the agent's first reconversion problem is automobile insurance. New cars will again be

available and that marks the beginning of trouble. The public has been educated to making instalment payments and will not get out of the habit easily. Mr. Dreifus expressed the opinion that the automobile dealers' method of financing sales will be about the same and that means that the agent's present automobile volume will start on a descent.

The agency forces, therefore, to retain the business must give the most meritorious service. They have had an opportunity since they have had the insurance after the instalments were paid to work up a top flight service. Many agents, he said, unfortunately took the easy way out in the handling of claims or rendering service but those that did proved their capacity for real service will be rewarded.

Bank Financing Predicted

Bank financing of automobile premiums, he said, appears to be the answer to the agent's prayer. He predicted that the post war period will see a tremendous increase in the number of banks entering the finance field and they will be keen to cooperate with agents who can produce business for them. The logical thing, therefore, for any agent to do is to cooperate to the fullest possible extent with friendly banks. The agent is confronted with the necessity of extending his service to educating his assured to the desirability of bank financing. This involves a considerable amount of work because it is along educational lines.

Finance companies were originally organized to do a job that banks would not consider and their performance was an outstanding accomplishment that permitted the development of automobile business to its present level. They occupy, he said, an important place in the economic structure and they are here to stay, in his opinion.

Automobile Dealers Unethical

The legitimate automobile dealer's principal objective, he said, is selling his product and making a fair profit. During the prewar years competitive practices were so unethical that many of the dealer's profits represented only the kickback received from the finance companies. If insurance men succeed in their efforts to divert finance business to the banks it would speed up the process of elimination of a vicious kickback plan.

Agents, therefore, should decide to render financial service. They should be alert to the similar opportunities that can be created in other lines, particularly aviation. There will be a number of airplanes that will have to be financed. There is a great opportunity presented to agents to do the right kind of a job, one that will produce substantial premiums.

Special Committee Named

The National Association of Insurance Agents, he reminded his hearers, appointed a special finance accounts committee to study the problem. It has been busily engaged in its work ever since and a report of its analysis and recommendations will be presented at the annual meeting in Milwaukee next month. Local agents, he said, should get complete information and details of this report and he further suggested that local boards that do not have a standing automobile committee or finance accounts committee appoint one at once.

Forming Thomas Jefferson Fire

Thomas Jefferson Fire is being formed at Louisville as a stock company. Capital stock is to be \$50,000. Incorporators are C. W. Milner, Sr., attorney; his son, C. W., Jr., connected with Kentucky Fire of Louisville; C. T. Milner, A. H. Milner, B. H. Milner, R. C. Schultz, E. T. Schultz, W. J. Fleming, L. H. Fleming, H. T. Willis, J. H. Robinson, Aline Phillips and E. C. Zacharias.

The Ohio department has licensed American Aviation & General of Reading, Pa.

A. E. Hendricks Firm Moves Executive Office to N. J.

The Hendricks Engineering Corporation of Chicago has moved its executive office to Ridgewood, N. J., to facilitate handling the large volume of business that has developed in the east. The eastern address will be 43 North Pleasant street, Ridgewood. Operational headquarters remain in the Board of Trade building, Chicago.

R. W. Schirmer, vice-president and



ALLEN E. HENDRICKS

chief engineer, is in charge of operations.

Hendricks Engineering Corporation observed its fifth anniversary Sept. 1 as an independent organization, but the entire staff has been together for more than 12 years.

Mr. Hendricks' service as an independent insurance engineer is well known throughout the country and is rendered to companies, agents, brokers and assured. Previously, Mr. Hendricks was head of the engineering department of Pearl.

When war was declared in Europe, he took over the entire staff from Pearl, purchasing all automobiles and equipment. This service has grown so that semi-annual inspections are now being made in about 2,300 cities.

Engineers in Many States

The business and personnel have steadily increased as more and more companies are employing its nationwide service. Resident engineers are maintained in Illinois, Texas, Alabama, California, New York, New Jersey, Pennsylvania and Arizona.

The corporation is performing a consulting engineering service for towns and cities in connection with fire prevention and the correcting of fire ordinance violations.

Hendricks Engineering Corporation for some years has been conducting maintenance inspections twice yearly, designed to show actual physical condition of buildings, heating, plumbing, ventilating, air conditioning and electrical systems. The purpose is to take preventive measures in time to reduce obsolescence and depreciation and to keep the plant and equipment up to peak production and avoid breakdowns. Plans and specifications for automatic sprinkler installations also are prepared and this construction work supervised.

Edgar R. Cobb has been elected assistant treasurer. Formerly he was connected with Commodity Credit Corporation.

In the last year, Charles H. Roth, formerly of the Chicago Board and the security division of the sixth service command as an engineer, has joined the Hendricks organization as engineer.

Planet Fire Title of Standard Accident Unit

Planet Fire, it is reported, is the title that has been selected for the fire company that is being organized by Standard Accident. Capital is to be \$1,000,000 and surplus \$1,500,000. Also, it is reported, Standard Accident will increase its own capitalization through an issue of additional stock.

Camden, N. J., Agents Elect

Emil C. Hessert, Jr., was elected president by the Camden (N. J.) Association of Insurance Agents at the annual meeting. Other new officers are: vice-presidents, R. H. Harmer and C. R. Evered; treasurer, L. M. Clair; secretary, R. L. Schmid; directors, Richard Clark, W. J. MacAllister, J. W. Goldberg and C. W. Stockwell.

Ind. Meeting Oct. 31-Nov. 1

Harry E. McClain, executive secretary of the Indiana Association of Insurance Agents, announces that the annual meeting will be held Oct. 31-Nov. 1 at the Claypool Hotel in Indianapolis.



EVERYWHERE our armed forces are smashing the enemy back in the new aggressive war of INVASION.

They are your sons, husband, brothers, sweetheart, father, relatives and friends. They ask only one thing—that you back them up ALL THE WAY.

With Victory coming nearer, you must not fail our boys—your soldier, sailor or marine. You're not asked to give a cent—only to put every dollar you can scrape up into the world's safest investment—War Bonds.

Take it out of income, take it out of idle and accumulated funds. Start "scratching gravel" now!



Gov Proc Insu

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Government Claims Reduce Connecticut Dwelling Rates

Procedure Told to Insurance Lawyers

An interesting discussion of claims by and against the federal government during the automobile insurance round table of the insurance section of the American Bar Association brought out the fact that the army has paid \$2½ million in foreign claims for personal injury and property damage and has paid domestic claims at the rate of \$250,000 per month, although it is expected that this will drop off, since maneuvers have diminished. Col. R. G. Boyd of the judge advocate general's office in Washington, who is a Boston attorney in civilian life, and Capt. R. B. Harbison, formerly of Tulsa, now with the air forces at Kearns, Utah, discussed this subject. F. B. Baylor, Lincoln, Neb., chairman of the automobile committee, presided.

Col. Boyd discussed the public claims act of 1943, which replaced several older piecemeal laws. Claims work had been transferred from the army finance department to the judge advocate general a few months before and, to administer the work speedily, authority is delegated through the service commands down to the claims officer of each post.

The government accepts liability under the act for personal injury or property damage caused by negligence of its personnel or agents, including military personnel, civilian employees and even prisoners of war. In the United States, liability is restricted to acts in the course of their duties, not involving enemy attack, although in foreign countries it has been necessary to relax this rule. The army may pay administratively up to \$1,000 in war time and up to \$500 in peace time. If a claim of more than \$1,000 appears justified on investigation, it is recommended to Congress for payment and usually inserted as an item in a deficiency appropriation bill, so the delay is not great. The act applies to claims originating after May 27, 1941, when an unlimited national emergency was declared. If unsatisfied with his claim, a claimant may appeal to the secretary of war. Claims may be filed at any army post, not necessarily the one nearest the accident. Contributory negligence is a bar to a claim.

On subrogation, Col. Boyd said that the claim must be made by the real party in interest, and not by insurers, mortgagees, etc. However, an insurance company may make a claim in an assured's name, if it has been given proper authority. The claimant's address may also be given as care of the insurance company, and the company may, by agreement with the assured, use one of four Treasury department forms, authorizing it to cash government checks made out to the assured.

If the claim is over \$1,000 and the insured amount is less than \$1,000, Col. Boyd said the army will pay up to \$1,000 administratively and certify the balance to Congress. But if the claim is more than \$1,000 and is fully insured, there is nothing the company can do, as the settled policy of Congress is not to recognize insured claims.

Although the army has had to adopt more elastic principles in settling foreign claims than those arising in the United States, Col. Boyd said the record shows that 85% of domestic claims are approved, compared with 77% of foreign claims.

Capt. Harbison said that the common law of the locality prevails in settling claims made by the government. The armed services, he said, are fair in making claims, but will not compromise them where liability is clear and the defendant is solvent, just as they do not try to "beat down" claims against them. In case of injury to military personnel, Capt. Harbison said that the government insists on payment, if fault can be shown, for the service man's or woman's pay and allowances for the period

HARTFORD — Commissioner Allyn announced a reduction of 10% in fire insurance dwelling rates in Connecticut, retroactive to Sept. 1. This reduction, put in force by the New England Fire Insurance Rating Association, is expected to save Connecticut policyholders more than \$400,000 annually.

It is expected that the new dwelling and contents form and revised extended coverage endorsement will be authorized in Connecticut at the same time.

of disability, plus medical and hospital expenses, the latter now established at \$5 per day.

After reviewing military procedure and reminding his audience that the statute of limitations does not run against the government, Capt. Harbison pointed out that settlement with the government in no way affects the personal right of an injured service man to recover from a negligent party.

Named by Eagle Indemnity

Messeberg-Ellwood & Wilson, a new agency organized almost entirely by former officers of the Whelpley agency, has been appointed New York City borough agent of Eagle Indemnity. G. M. Messeberg is president of the new agency; J. Gilbert Wilson, vice-president, and W. F. Ellwood, Jr., secretary-treasurer.

Mutual Agents Back N.A.I.C. Plan

WASHINGTON — Philip Baldwin, secretary of the National Association of Mutual Insurance Agents, has written Commissioner Johnson of Minnesota, president of National Association of Insurance Commissioners, pledging full support to the N.A.I.C. in its efforts to obtain suitable federal legislation regarding insurance. He has also written Senator O'Mahoney, calling attention to the fact that the mutual agents group had urged the commissioners to oppose the Bailey bill and accept O'Mahoney's "invitation to help draft proper legislation to strengthen state supervision of insurance."

Sues Over Fire Company Sale

RICHMOND, VA.—Suit for \$85,000 has been filed here by J. F. Clark against Virginia F. & M. and W. H. Palmer, Jr., board chairman. Plaintiff alleges he entered into agreement with the defendants whereby he was to sell the company's business and stock and be compensated for his services. He declares he secured an offer for the business but the defendants sold it to the same party at the same or a lower price and deprived him of compensation. He asks for time, labor and for money paid out by him on the deal. Clark claims the defendants held accounting with him, and were found to owe him \$85,000, which they promised to pay at his request.

PERSONALS

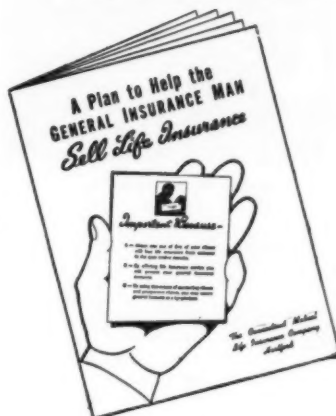
Paul Hardesty, manager of the insurance department of the U. S. Chamber of Commerce, was in Detroit this week for the meeting of the National Association of Life Underwriters, where Eric Johnston, chamber president, was scheduled to speak.

William J. Traynor, publicity director of North British, who underwent an operation two weeks ago, expects to return to his home, 8 Madison street, Lynbrook, L. I., this week, where he will convalesce until he is strong enough to go back to his office.

Leonard Peterson, vice-president of Home, now is a grandfather. The baby, born Aug. 22, is Charles Peterson Rathbun, son of Lt. and Mrs. Charles Rathbun. Mrs. Rathbun is Mr. Peterson's daughter.



NEW BOOK HELPS



General Insurance Man

FIND PROSPECTS FOR LIFE INSURANCE

Just off the press is this new book specially prepared for general insurance men. It gives a plan to help fire and casualty men find life insurance prospects among their clients. The basis of the plan is a tested and proven direct mail idea that will bring 15 to 20 requests for life insurance information from every 100 of your clients circularized.

You may be missing profits by letting somebody else earn the commissions on life insurance bought by your clients — for one out of five of your clients will buy life insurance this year.

This book will help you get your share of the life insurance your clients are buying. You can't lose by looking it over.

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Please send me, without cost or obligation, your book, "A Plan to Help the General Insurance Man Sell Life Insurance."

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1B-11

Mich. Governor Expounds States Rights Doctrine

(CONTINUED FROM PAGE 3)

at the speakers' table. Nobody in the state, he declared, is objecting "to our control of insurance."

In the interest of the buyer, Kelly observed, the states have had to control competition in the field, occupying somewhat the position of umpire. Reckless rate cutting could not be tolerated.

The S.E.U.A. decision has created widespread confusion and Michigan was one of the first states to demand a rehearing from the Supreme Court.

At the St. Louis conference of 26 Republican governors the insurance question was given most serious consideration and he said he subscribes unreservedly to the statement that was issued in the matter.

The Bailey bill, he declared, can greatly clarify the situation. It is a measure intended to place the responsibility back in the states where it belongs. He urged agents and policyholders to speak up for this legislation and seek to remove for all time doubt as to who should exercise control.

Gov. Kelly voiced the belief that the America of yesterday is disappearing because of the encroachment of federal government upon local government. The people, he said, should insist that states be permitted to perform those functions that they are able to perform with the idea of keeping the government close to the people and the people close to the government. When necessary we should move on the national level, but the system of government must be kept flexible enough to satisfy the needs of the people of the 48 states.

Presented by Clyde Smith

Gov. Kelly was presented to the group by Clyde B. Smith of Lansing, a past president of both the National and Michigan agents associations and a Republican leader in his state. Mr. Smith remarked that he had been in the agency field just 25 years. He attended his first Michigan agents meeting 25 years ago at Sault Ste. Marie and the attendance totaled less than 50.

The convention was what is commonly referred to these days as streamlined. That means it was short, running just one day and devoid of social features other than the luncheon. It also means there was an absence of windage. The speaking program went off crisply. Arno R. Schorer of Kalamazoo, who was completing his second year in the presidency, gets things done with dispatch and is short of wind. Carl Trager, the new president, is in the same pattern.

Public relations was underscored in the program, as the subject was treated in the morning from the company standpoint by H. K. Schauffer, assistant manager of the National Board, and in the

afternoon from the agents standpoint by Wallace Rodgers, executive assistant of the National Association of Insurance Agents.

There was as usual the period conducted by George W. Carter, head of the Detroit Insurance Agency, and chairman for keeps of the conference committee. Mr. Carter in rapid fire style gives the Michigan group a glimpse of the accomplishments of the conferences between middle western agency representatives and the Subscribers Actuarial Committee at Chicago and he also recites some of the changes for which he is crusading.

Mr. Carter exhorted the agents to keep their heads up and tails aswitching in this day of uncertainty about the future



ARNO R. SCHORER

of insurance supervision. "Keep your chin up on insurance and don't worry," he advised. After the S.E.U.A. decision came down, the Detroit Insurance Agency, he said, advertised in the daily newspapers, saying that the institution of insurance will continue to serve the interests of the public. The agency believes in state supervision, but will continue to serve the public no matter what form of control may eventuate.

Conferences Held for 21 Years

The company-agency conferences have been held for 21 years, Mr. Carter recalled. There is a long list of changes that have been brought about as a result of these meetings. Some of the demands of the agents are moss covered but the conferees keep urging those points that they are convinced are desirable. Insofar as the New York standard policy is concerned, the so-called non-statutory states have gotten a break. The Michigan legislature, he declared, should lose no time in enacting legislation to permit the introduction of the policy in the state.

The new broad dwelling forms, he

said, apparently can't be introduced in Michigan until the new standard policy is approved there.

Mr. Carter said he is strongly advocating use of a liberalization clause such as is in use in a number of jurisdictions, particularly in the east, whereunder any improvement in terms of contracts applicable to a particular class shall become applicable at the same time to outstanding policies.

The charge for removal of priorities coverage in time element contracts should be abolished forthwith, Mr. Carter declared. Now that the nation appears to be on the threshold of reconversion, the insurance companies should keep ahead of the procession and remove the measure that was adopted as a war emergency. He expressed confidence that these charges will soon be removed.

Loss Contribution

Mr. Carter pointed out that the matter of loss contribution has come prominently to the fore as the result of overlapping of coverage in the Harlem losses and as a result of the recent decision of the New York court of appeals establishing a new pattern for loss contribution under excess clauses. He said the companies have designed a new apportionment clause and have introduced it already in the east. It is two pages long, he said, and "I defy anybody to understand it."

In connection with the personal property floater, Mr. Carter said he is advocating the inclusion of a minimum of \$1,000 coverage on jewelry and furs. The new dwelling form, he observed, provides 10% floater coverage. That means that for an assured with \$5,000 insurance, there is \$500 that can be used to apply to jewelry or fur loss away from premises, whereas a man with \$5,000 of personal property floater protection has but \$250 coverage on jewelry and furs.

Another liberalization that Mr. Carter is promoting is protection to fences by motor vehicles and aircraft under extended coverage. Research should be conducted to determine whether the gross earnings form can be made applicable to manufacturing risks. The term rule should be extended to mercantile stocks, he asserted.

Membership Is 551

Mr. Schorer in his presidential address reported that the membership stands at 551, which is an increase of 59 for the two years. Finances are in excellent condition. Two coextensive local boards have been established—Cadillac and Southern Oakland county.

Below Mark in Fund

Mr. Schorer expressed regret that the association had not come up to the mark in the national public relations fund. The Michigan quota is \$16,000 but the total pledged is only \$10,849. He said he hopes to be able to report at the N.A.I.A. convention next month that Michigan has gone over the top.

Mr. Schorer declared that the cause of public relations could be advanced if the insurers improved their handling of automobile property damage claims. Some companies, he charged, "use shy-tactics." It is short sighted of an agency to represent a company that is not fair in its loss adjustments. The remedy lies with the agents.

Mr. Schorer strongly supported the Bailey bill, but he criticised the companies for not having made a statement to the public at the time the Atlanta indictment was voted. Certain allegations in that case have been made to sound sinister and yet the practices are really in the public interest. For instance, he said the companies should have made clear the reasons for their rules governing reinsurance of non-association insurers.

Much interest was taken in the report of Alfred I. Dreifus of the Woodward agency, Detroit, as chairman of the automobile insurance study committee. Mr. Dreifus is a thoughtful man and has contributed several valuable reports on various aspects of automobile

insurance. He expressed the belief that in automobile insurance the agent faces his greatest problem in reconversion. During the war the agents have gotten the insurance on more motor vehicle units than they ever had before and unless heroic measures are taken after the war this business will evaporate and go back to the finance companies. Bank financing coupled with the highest type of agency service, particularly in connection with loss adjustments he feels offers the hope. He said the agents are not declaring war on the finance companies, but they have a right to insist that the system of "dealer kick-backs" be eliminated.

Maxwell Halsey, executive secretary Michigan State Safety Commission, gave a practical safety talk. He said that the safety campaign in Michigan that was launched in May saved 66 lives. During May there was a 65% decline in traffic deaths in the state. That came after a series of seven monthly increases. Had it not been for the Michigan record, the national death total in May would have shown an increase compared with May, 1943. The technique is to get all the communities in the state to do the same thing at the same time. The emphasis was on brake improvement. Some 80,000 motorists went to garages for brake work and that experience bred safety consciousness. The International Association of Chiefs of Police has voted to conduct the same kind of campaign on a national scale.

Another Drive in October

In October there will be another concerted drive. It will be addressed particularly to pedestrians. Attention will be given to headlights and to traffic signal observance by pedestrians. He requested that agents and local boards use



WALDO HILDEBRAND

the campaign slogans in their advertising at that time.

Mr. Rodgers has already addressed meetings in about 12 states. He is showing with the aid of charts just what the N.A.I.A. is providing in its public relations program.

Mr. Schauffer made an unscheduled appearance and gave a talk on public relations. He pointed out the impressive steps that have already been taken by the companies and agents in the field of public relations. The agents have Averell Broughton, public relations counsel; Oscar H. West, Washington manager; Wallace Rodgers, executive assistant. The companies have retained Ivy Lee and T. J. Ross as public relations advisers; Hays McFarland as advertising agency; Claude Robinson of Princeton to conduct opinion polls. There are the Leland Stowe broadcasts that have an audience of 1½ million.

The various insurance educational projects, he said, are part and parcel of public relations because they contribute to more intelligent agency service.

He pointed out that the National

Utah Home Fire Insurance Company

—HOME OFFICE—
SALT LAKE CITY, UTAH

GENERAL AGENCIES

Hinton & Stoll 175 W. Jackson Blvd., Chicago
Cobb & Stebbins Gas and Electric Bldg., Denver
Heber J. Grant & Company 20 S. Main St., Salt Lake City
Lamping & Company Colman Bldg., Seattle
Lamping & Company Spalding Bldg., Portland
California Agencies, Inc. 114 Sansome St., San Francisco
Southwestern General Agency Title & Trust Bldg., Phoenix

MARINE GENERAL AGENT

A. B. Knowles & Company 114 Sansome St., San Francisco
A. B. Knowles & Company Colman Bldg., Seattle

QUEEN CITY FIRE INSURANCE COMPANY

SIOUX FALLS

D. P. LEMEN, President

SOUTH DAKOTA

1905 Thirty-nine years of service 1944

Board had just released the text book, "Risks We Face." Prentice-Hall, the publishers, are sending a complimentary copy to each high school superintendent in the land and will follow through during the next eight months with their salesmen. He urged local agents to suggest that the school superintendents in their cities introduce this as a text in their schools. A week's study of this book, he said, will give the student a comprehensive knowledge of property insurance.

The George Brown award to the local board performing outstanding service went to Kalamazoo.

Lee A. Dudley of Battle Creek conducted memorial ceremonies.

An amendment to the constitution offered by Percy Worgess of Battle Creek was adopted. It provides that Detroit shall have three members on the executive committee and Grand Rapids, two, and that these members shall be selected by the local boards in those cities.

J. W. Mundus reported for the nominating committee and J. Alfred Grow of Detroit conducted the installation ceremonies. He also presented an inscribed gavel to Mr. Schorer.

Mr. Trager, the new president, is a man of commanding stature, easy and friendly in manner. He attended Michigan State College and University of Michigan and then 22 years ago became manager of the insurance department of the J. W. Bailey Co., Lansing. In 1935 he purchased that insurance business and has since operated as Trager Agency, Inc. He has been vice-president of the Michigan organization two years and before that was treasurer for a year. He is presently chairman of the Ingham county rationing board. He was born at Lansing in 1900.

The fact that the Michigan meetings move with such professional smoothness is due in large measure to the work of Manager Hildebrand. He does his work during the year, sees to the details, watches the timing, but keeps in the background at the annual conventions. He and the Michigan agents are firmly wed.

The new executive committee held a brief meeting, retained Mr. Hildebrand as manager and named a budget and finance committee with Walter Cary as chairman.

Convention Notes

J. M. Fraser of Chicago, western manager of London & Lancashire Indemnity, was accompanied by Mrs. Fraser, who formerly resided in Detroit.

Roy Davis of Chicago, western representative of Association of Casualty & Surety Executives, mingled with the group.

Gordon Enson of the agency department of Central Surety was on hand.

D. H. Luce, Providence Washington, was putting his hobby of photography to professional use by taking flash bulb shots for publication in the association Bulletin.

President **Arno Schorer** was laboring under a handicap in presiding, as he had just undergone a short but severe siege of illness that necessitated brief hospitalization.

Phil Beebe, assistant western manager of Hartford Fire, is a regular attendant at the Michigan meetings and was on hand as usual this year.

The morning session was held in an unheated room and those that had topcoats wore them. The others just went ahead and acquired pneumonia.

Among the company people from Chicago attending were: **C. L. Seranton**, manager of United National Indemnity, and **C. R. Williams**, executive assistant of America Fore.

J. P. Berry, Detroit lawyer and former Michigan commissioner, was a guest at the luncheon.

Ala. Agents Ask for More Auto Business

(CONTINUED FROM PAGE 5)

A pen and pencil set was presented retiring President Yetta G. Sanford of Opelika, in recognition of his service to the association, the presentation be-

ing made by Arthur Mead, Montgomery.

Frank N. Julian, superintendent of insurance, was called to the stand for a few remarks by President Samford. He was given an ovation in recognition of his recovery from a recent illness. Mr. Julian took occasion to display his life-time membership card in the association.

Committees Report

Attention was also called by President Samford to the work of the new committee on rates, rules and forms, headed by George H. Butler of Anniston, with J. O. Hargis, Jr., Birmingham, vice-chairman.

The educational committee, headed by L. J. Thomas, Sr., of Dothan, reported no short course school held the past year on account of travel conditions and lack of dormitory space at the state university, but that Birmingham agents had a very successful study course. Such studies were urged for other cities.

Rural Fire Equipment

The rural agents' committee, headed by Carl L. Bloxham of Fairhope, urged that fire-fighting equipment owned by the government, be made available after the war for use in farm communities. The fire prevention committee, headed by Enoch Morris of Tarrant, recommended that its activities in the future be combined with that of the association manager.

The annual banquet and floor show wound up the convention. The Montgomery agents in charge were headed by Lester H. Hall as general chairman.

Committees Report

Taxing Power of States Altered

(CONTINUED FROM PAGE 5)

the decisions upholding state premium tax laws will be reversed by reason of the S.E.U.A. decision because of alleged discrimination.

There are also the state retaliatory acts to consider, he said. A company will have a difficult time proving discrimination in the additional taxes it must pay a foreign state when other companies from that state are taxed at the same rate in the state of its domicile, he suggested.

Discuss Municipal Taxes

In the discussion of Mr. Tye's paper it was brought out that the municipal taxes imposed by many towns and cities in Alabama and Georgia are one of the worst abuses of state and local taxing power in existence today. Fire insurance men in attendance said that these communities make no pretense of furnishing a service commensurate with the taxes imposed and that in most instances the places that impose the highest local taxes have the poorest fire fighting facilities. The general opinion seemed to be such taxes will go by the board if the S.E.U.A. decision stands. It was brought out that many of the southern towns send out tax bills to insurance companies on a sort of hit or miss basis, risking a 3-cent stamp in the hope of landing a \$100 bill, so to speak.

Mr. Bennett brought out that on some transactions a fire company might be called upon to pay premium taxes to three different states, the state in which the insured resides, the state in which the property is located and the state in which the premium is paid. This probably would be held discriminatory.

Oliver M. Townsend, tax attorney, Continental Assurance and Continental Casualty of Chicago, presided over the insurance session. Others who participated in the major discussions of the papers presented were O. R. Brown, manager, tax department, John Hancock Mutual Life; Roger W. Bennett, legal department, Massachusetts Mutual Life, and C. G. M. Wynne, inspector of taxation, Sun Life of Canada, Montreal, and chairman of the joint committee on information at the source.



"The Woodsman is Known by his Chips"

The skill of a forester is said to be evidenced by the smooth precision of the chips that fly from his axe. Often in business, too, superiority is most clearly indicated by such "little things".

For instance, our agents like the promptness with which we answer their queries, and the elimination of annoying red tape. Little things, perhaps, but typical of the friendly understanding that warms their dealings with both field representatives and the home office. Wouldn't you prefer this way of doing business?

*

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HOME OFFICE:

111 John Street, New York 8

WESTERN DEPT.:

Insurance Exch. Bldg., Chicago 4

BUY MORE WAR BONDS

Bar Assn. Insurance Group Backs State Supervisors' Stand

(CONTINUED FROM PAGE 3)

strengthened its position. G. A. Dougherty, Milwaukee, chairman membership committee, reported a gain of 263 members over last year. Total membership is now 3,103, with 247 in the armed services. There was a very encouraging increase on the Pacific Coast. The insurance section is in excellent financial condition, Secretary J. F. Handy, Springfield, Mass., reported.

L. P. Kristeller, Newark, chairman publications committee, reported that the supplements to the annotations on the standard fire and automobile policies for this year are ready and will be distributed as soon as possible. The committee hopes to revise its accident and health and workmen's compensation annotations during the coming year.

Judge's Review Makes Hit

After N. P. Parkinson, acting Illinois insurance director, had welcomed the group and C. M. Smith, Chicago, counsel Lumbermen's Mutual Casualty, had responded, Judge J. C. Hutcheson of the U. S. Circuit Court of Appeals at Houston, made a great hit with a paper on "Law and Fact in Insurance Cases." His humorous handling of what could have been a very dry subject carried perfect attention to his brilliant review of the distinctions between questions of fact and of law in such insurance matters as warranties, representations, policy conditions and mandatory policies.

The Monday session concluded with reports of the various committee chairmen, which were mostly accounts of the subjects to be considered at the round tables Tuesday.

The insurance business has made an outstanding record under the abnormal condition of the war, Fletcher B. Cole-

man, vice-president in charge of claims of State Farm Mutual Automobile, stated in his talk before the automobile insurance law round table. Insurance lawyers have had to take up the shrinkage in personnel suffered by the companies in their claims departments. He said that many law offices have had to take over claim as well as legal representation for companies.

A scholarly paper was presented at this session by Hugh N. Johnson, Chicago attorney and member of the legal department of the Chicago Motor Club, on the trend in automobile financial responsibility legislation, which, he said, may be summarized "as the use of a new method to impel by its psychological effect and to compel by a direct requirement a large number of motorists to become financially responsible for injuries and damages in motor accidents." He discussed in detail the provisions of a draft of the model safety responsibility bill now being considered by joint conference of the American Automobile Association, the American Bar Association, American Mutual Alliance and Association of Casualty & Surety Executives.

ACCIDENT AND HEALTH

Some tentative observations on the legal aspects of sulphadiazine poisoning as an accident were set out by Reginald I. Bauder, Los Angeles, at the round table on health and accident insurance law. The question whether this is an accident, as that term is used in law, cannot be answered categorically, he asserted. He suggested that the purposeful and conscious administration of the drug has produced unfortunate results in only from two to eight percent of the cases and therefore there is no accident either in the cause or in the result. It would be different if the drugs were administered in ignorance of their possible result. In that event, he said, the line of cases holding that an intentional overdose of drugs or poisons is an accident should apply.

COMPENSATION FORUM

Thomas N. Bartlett, Baltimore, told the round table on workmen's compensation that there are 19 jurisdictions which provide for second injury funds. In the four states with monopolistic funds second injury payments are made out of surplus or general funds. The amount to be paid into such funds varies, the highest being \$1,000 in Michigan and the lowest \$300 in Maine. Five states have several sources for obtaining payment of such funds, and 11 states collect in case of fatal accidents where there are no dependents entitled to compensation. In Rhode Island 1% of all gross premiums go into the fund, in Idaho 2% of compensation paid in certain specific losses, and in New Jersey 1% of all compensation payments made.

Changes Needed

Mr. Bartlett suggested that when second injury funds are obtained only by payment in fatal cases when there are no dependents, the plan may be too limited and actuarially unsound. If it might possibly encourage employers to limit as far as possible their employment of single men with no dependents. He suggested a wider spread over the entire field, including small employers. A wider spread with a lesser fixed sum in the amount to be paid in all fatal cases, he said, regardless of dependency, and augmented by certain payments in all or some of the more serious specific injuries, would bring in more employers, giving greater security to the fund and more ratably distribute costs among employers.

Marine Session

After the war a larger proportion than ever before of overseas trade, which

can be expected to expand enormously, will be carried in American bottoms, Guerra Everett, foreign law adviser of the U. S. Department of Commerce, said in his talk before the marine insurance roundtable. Thus insurance is the horseshoe nail, lacking which the battle for prosperity and security after the war need be lost. He traced the growth of American marine insurance.

Hijack Losses Boost Truck Cargo Losses 'Way Over 100%

NEW YORK—Long haul truck cargo losses have reached such heights that many inland marine underwriters are looking back wistfully to the good old days when loss ratios were down around 100%. Losses today are far above that figure and for one large company which is among the more conservative writers in this field the loss ratio is around 175%. The underwriters are torn between a fervent wish to throw the whole class out the window and the necessity of keeping important agents and brokers satisfied. And of course the consideration that peace and improved conditions may not be too far off.

As things now stand, the underwriter's main job is to take as little as possible of this business and still keep everybody reasonably happy. Except for a small fraction of the cargo business, it is believed to be impossible to write this line without charging a prohibitively high premium. In quite a few cases it would be necessary to charge more than the truck line's entire hauling revenue.

Fire, Hijacking Worst Factors

Collisions and upsets are responsible for some losses but fire, and particularly hijacking, are by far the major sources of loss. When there is a fire the loss is usually total and trucks are ordinarily fully loaded. Recoveries on hijack losses are noticeably poorer. This is believed to be due partly to the fact that the Federal Bureau of Investigation has so much work on its hands that it cannot sift hijackings as thoroughly as it used to.

Liquor and woollens are the worst sources of loss. Values are concentrated and disposal channels are readily available.

Some help on liquor thefts may be in the offing. Recently Senator McCarran of Nevada, chairman of a special subcommittee of the Senate which is investigating the liquor industry, introduced a bill which would give the Treasury Department's alcohol tax unit the authority to seize any shipments of liquor where the cases did not carry serial numbers which the distillery is required to stamp on them. This would enable liquor to be traced if the numbers had not been removed, and would subject the goods to seizure if the numbers were missing. However, if there were an improvement in the liquor hijacking situation the only result might be to cause thieves to work more intensively to hijack woollens and other high value commodities which cannot easily be traced.

Alarms Being Installed

One result of the hijacking wave has been that underwriters have been even more insistent than in the past on the installation of truck alarms. The Babaco Company is booked ahead for several months to fill these installation orders. There used to be some resistance from brokers to the underwriters insistence on Babaco alarms but this has almost disappeared as the brokers and agents have come up against the difficulty of getting truck lines written without this protection. Reluctance to put on alarms is usually now due to the truck line's unwillingness to take the truck out of service even for the short time needed each month for the required alarm inspection.

In 1914, 14 companies were in the business in New York, mostly foreign or foreign affiliated; by 1917 there were 87, 53 American; in 1920, 119, 80 American. He suggested that close liaison between the War Shipping Administration and other government agencies with the insurers on marine business had been beneficial and that this liaison should be continued after the war.

One result of the terrific pasting that the companies have been taking on long haul truck business is that underwriters who formerly felt they could make a profit on a risk that was offered to them now realize that it is just a matter of trying to lose as little money as possible. Consequently, when a risk is offered, they do not grab at it but want to know why the previous insurer got off the line. Nevertheless, there seems to be always some place where a sour risk can be written, sometimes at a rate lower than was charged by the company that cancelled it off its books.

Loss Records May Be Deceiving

Some underwriters have been taken in by a good loss record over the previous five years, not realizing that practically all the losses were in the last year or so. These recent losses cannot be regarded as fluctuations but are believed to be a definite result of war conditions and are due to stay high until the conditions change materially.

The short haul cargo losses are not bad. The trucks do not travel at such high speeds and in general the lines in this field seems to be able to get a better class of help.

With the long haul trucks a big reason why losses are high is the grade of drivers that is available. There are enough irresponsible, careless drivers, some having criminal backgrounds, to be a serious factor as loss producers even though they are not a very large percentage of the total drivers. Faced with a manpower shortage, yet needing able bodied men as drivers, the truck companies cannot be overly fussy about whom they employ. Once a driver is taken on, union pressure frequently makes it difficult or impossible to discipline him or, where circumstances warrant, to discharge him.

A feature of the present loss wave is that even the best managed truck lines are by no means immune from losses. They have suffered heavy hijack losses particularly.

Canada's War Risk Cover Extended Without Charge

TORONTO—An order-in-council has been passed extending for one year policies issued under Canada's war risk insurance act (excluding transit policies and grain insurance) in force Aug. 17. The extension is automatic and does not necessitate the payment of further premium. Policies affected will not require either endorsement or renewal receipts.

The fund arising from the premiums paid amounts to approximately \$10,000,000 and, with this in hand, the federal government considers the decision to extend the policies is equitable to the general taxpayers who underwrite the scheme, and to the property owners insured, most of whom have paid two premiums.

Some of the bigger war risk clients, when interviewed, were satisfied with the current arrangement, but expressed the opinion that the war plan might as well be liquidated.

Wanted—Female Help

WOMEN'S CLERICAL

SECRETARY—ADVERTISING	\$160
SECRETARY—EXPORT	
MANAGER	175
SECRETARY—TELEVISION ..	210
SECRETARY—	
ENGINEERING EXP.	150
TYPIST—ADVERTISING	130
GENERAL OFFICE CLERK ..	130
FC BOOKKEEPER	175
PAYROLL CLERK	140
TYPIST—DETAIL CLERK	150
TYPIST—SWITCHBOARD	
OPR.	140

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Garrison Suggests Congressional Act

California Commissioner Proposes Bill Calling for Insurance Exemptions

Commissioner Garrison of California has completed the draft of a bill which he suggests as a substitute for the Bailey-Walter bill which has passed the House and is now before the judiciary committee of the U. S. Senate. He declares that Congress never intended the anti-trust law to apply to insurance.

Mr. Garrison's measure follows closely the recommendations of the executive committee of the National Association of Insurance Commissioners. It is as follows:

Amendment No. 1—Amend the title so as to read: "A bill relating to the regulation of the business of insurance."

Amendment No. 2—Strike out all after the enacting clause and insert in lieu thereof the following:

Section 1. The Congress hereby declares that the continued regulation by the several states of the business of insurance is in the public interest and that no act of Congress shall be construed to impair or supersede any law enacted by any state for the purpose of regulating such business, or imposing fees or taxes for the privilege of doing such business within any state, unless such act specifically so provides.

Not to Apply to Insurance

Section 2. Nothing contained in the federal trade commission act, as amended, or in the act of June 19, 1936, known as the Robinson-Patman anti-discrimination act, shall apply to the business of insurance, or to any person engaged in such business in connection with any act performed by such person in the conduct of such business, but the act known as the national labor relations act and the act known as the fair labor standards act shall apply to the business of insurance.

Further Exemptions Suggested

Section 3. The provisions of the act of July 2, 1890, as amended, known as the Sherman act, and of the act of Oct. 15, 1914, as amended, known as the Clayton act, shall not apply with respect to any cooperative agreement entered into, or any concerted action had, between two or more insurance companies relating to rates, rating methods, commissions, premiums, policy forms or provisions, inspection of risks, payment or settlement of claims for loss, or the making of rules affecting factors entering into the cost of insurance or the character of insurance coverage in any state, if such cooperation or concert of action has been approved prior to promulgation or adoption as reasonable or otherwise in the public interest pursuant to specific law of such state.

Section 4. As used in this act the term "state" includes the several states, Alaska, Hawaii, Puerto Rico and the District of Columbia.

IN U. S. WAR SERVICE

An announcement from the eighth air force bomber station in England says that a second oak leaf cluster to his air medal has been awarded 1st Lt. H. W. Supplee, III, pilot of a flying fortress, for "courage, coolness and skill" in several bombing attacks. Prior to entering the army in December, 1941, he was connected with North America, at its head office.

The retirement of Lt. Col. Raymond C. Dreher is announced by Brig. General L. G. Fritz, commanding the North Atlantic Division, Air Transport Command. Lt. Col. Dreher retains the grade

of Lt. Col., AUS, for the duration of the present emergency and six months thereafter. He will return to his former position as manager of advertising and production for the Boston and Old Colony. He was commissioned July 1, 1942, as a major in the air forces and, after a short period at headquarters of the Air Transport Command in Washington, was assigned to the North Atlantic Division.

An only son, George Raymond, a first lieutenant in the marines who received the bronze star medal for heroic achievement in action on Bougainville, was recently killed during the invasion of Guam.

Paul J. Emme, manager of the Los Angeles branch office of Fidelity & Casualty, has been informed by the war department that his son, Private John P. Emme, has been missing in action in France since Aug. 7. Another son, Capt. William Emme, is stationed at New York.

Maj. Minor Shaw, Sioux Falls general agent and former president North Dakota Association of Insurance Agents, has returned from England after 16 months' overseas duty with the army air forces. He will report to Santa Monica air base for rest and reassignment.

H. N. Fullington, partner in the Dulaney, Johnston & Priest agency, Wichita, has been transferred to the air provost marshal's office, at Wright Field, Dayton, from the army engineers with which he has been connected for over a year. Lt. (j.g.) B. J. Weldon of the firm has been transferred to the navy base at Brooklyn, and expects sea assignment soon.

Harold Gottsacker, former local agent of Sheboygan, Wis., has been promoted to first lieutenant and has arrived overseas with an American infantry unit. He is co-owner of the Gottsacker Agency with his brother William.

J. J. Cunningham, Indiana special agent for the Royal-Liverpool groups who has been in naval service for several months has been appointed ensign in reserve and is training at Fort Schuyler, N. Y. He now is a father, a baby boy having been born to the Cunninghams at the naval hospital in Annapolis.

Franklin Edmunds Drew, son of Cyrus K. Drew, well known insurance editor and grandson of the late J. Frank Edmunds, one time widely known throughout the business when associated with the Commercial Union group, now is stationed at Key Field, Miss. He recently was commissioned in the army air force. His wife, the former Betty Edmundson, daughter of the Pacific Coast vice-president of America Fore group, is with her husband at Meridian, Miss.

NEW YORK

ACCOUNTANTS PARLEY OCT. 5-6

The Insurance Accountants Association will hold its fifth annual conference at Hotel New Yorker Oct. 5-6. There will be a luncheon on Thursday, a dinner and entertainment that evening and luncheon on Friday. The group will start its regular meetings Sept. 14. C. B. King, managing editor of Prentice-Hall, will discuss "Salary Stabilization."

KWASHA LOCATES IN NEW YORK

H. Charles Kwasha, for the past several years actuary for Marsh & McLennan Inc., has formed his own organization to render actuarial service with offices at 50 Broad Street, New York. He will specialize in the field of pensions as a consulting actuary for the development and installation of employee retirement plans, including actuarially trusted pension trusts, group annuities and individual insurance company contract arrangements. He will also render actuarial service for mutual benefit associations and estate valuations. He



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★ IT BLANKETS ★ IT ISOLATES ★ IT QUENCHES ★

● A fire that can't "breathe" suffocates. A fire that is controlled can't spread. A fire that is effectively mist-cooled and spray-soaked dies. "Automatic" FIRE-FOG does these things to oil and other flammable liquid fires!

Automatic in operation, swift in action, sure in performance, the FIRE-FOG system of protection is rapidly becoming indispensable in many plants. A fine mist does the work—cooling and beating down the flames—stifling the blaze through "oxygen starvation"—then completely enveloping the fire and extinguishing it. From fire-blaze to fire-quench takes only a few seconds!

You owe it to yourself, your plant and your personnel to become fully informed on the merits of an "Automatic" FIRE-FOG installation.

Where electric transformers, oil quench tanks, enamel dip tanks, open tanks of flammable liquids and similar hazards are present, an "Automatic" FIRE-FOG installation provides adequate protection. Our engineers will be glad to give you the details—write us.

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is an associate member of the Actuarial Society of America and the American Institute of Actuaries.

During the period he was with Marsh & McLennan, he handled the actuarial planning and supervision incident to benefit programs for many leading corporations. Prior to this association, he was a member of the actuarial staff of the Travelers. He joined the latter organization in 1929 after serving for a year on the faculty of Brown University following graduation in 1928.

JOHN FRANCIS LUNCHEON

John M. Francis, who resigned from the National Board's public relations staff to join the "Berkshire Courier" of Great Barrington, Mass., was given a farewell luncheon by 21 of his former associates in the insurance newspaper field. Toastmaster E. M. Ackerman of the "Weekly Underwriter" did a thorough job of tearing down and building up the honor guest's reputation, winding up with a net balance on the credit side. Mr. Francis received the oral and written good wishes of all present and was presented a certificate of life non-resident membership in the Unorganized Working Insurance Newspaper Men of New York City, to which in his acknowledgment he referred as the "Organized Non-Working Insurance Newspaper Men of New York City."

Mr. Francis was with the New York "Journal of Commerce" and the "Insurance Field" before joining the National Board's publicity staff four years ago.

White & Canby of New York City have been appointed metropolitan fire agents of the Baltimore American. The firm will write fire, theft and inland marine for the company as well as represent it as country-wide binding agents.

CHICAGO

FORM NEGRO SAFETY COUNCIL

The Colored Insurance Brokers Safety Council of Chicago has been organized to conduct a program of safety education in Negro sections of the city in an effort to reduce fire and automobile losses. The Chicago Board and national insurance organizations gave assistance. Walter L. Lowe, well known agent, has been elected president; E. H.

Carry, vice-president; A. B. Knight, secretary, and T. O. Parker, treasurer.

Chicago Negroes have had difficulty in securing insurance due to the conviction of insurers that they involved high moral hazard and were irresponsible as a class. This affected their compliance with the Illinois financial responsibility law. Many Negroes have been unable to secure fire insurance on their homes and property due to the fact companies withdrew from Negro areas on the South Side. President Lowe believes some of the criticism in Negro districts was just but there are many good Negro risks and the class can be much improved by education. A five-year program, financed solely by Negro insurance brokers, has been started. Schools and civic groups are cooperating. Statistics, hints and facts on fire and accident prevention will be featured. The plan is designed to reach at least 85% of the 70,000 colored families in Chicago.

ALEXANDER & CO. MEETING

Myron R. Hilb has been made assistant vice-president of W. A. Alexander & Co. of Chicago. He has been connected with the firm 24 years and has risen from office boy. He has been office manager for the last few years. He is a past president of the Chicago Office Management Association and is at present a director of the National Office Management Association.

The 59th anniversary meeting of the agency was devoted to education and public relations and was addressed by Hays MacFarland of MacFarland & Co., H. K. Schaeffer, assistant manager of the National Board; Alvin S. Keys, prominent local agent of Springfield, Ill., and member of the executive committee of the National Association of Insurance Agents, and Vice-presidents John H. Sherman and J. P. Murphy of the agency.

The meeting for the sales and underwriting people was followed by a dinner meeting for the entire organization. Following the dinner, Wade Fetzer, chairman, presented watches to the six people who had entered the 25 year "Old Guard" during the year: Walter M. Sheldon, vice-president; J. W. Johnson, fire underwriter; V. E. Murphy, fire underwriter; F. D. Hurt, manager Cook county brokerage department; G. J. Stupka, broker; Martha Vokoun, clerk.

A special award of honor was given to James F. Coughlin for his remarkable record of 56 consecutive increases in monthly earnings from commissions over the corresponding month the previous year. Mr. Coughlin's record began Jan. 1, 1940, and has been one of uninterrupted growth every month since.

Wade Fetzer, Jr., president, outlined the general pattern of the agency's postwar plans for re-employment of the 100 people who have gone into the service from the organization. Mr. Fetzer pointed out that as a multiple line organization, the agency existed for the purpose of supplying under the private enterprise structure the most compelling need of all people, the need for greater security in their lives.

GOVERNING COMMITTEE MEETS

The governing committee of the Western Underwriters Association met in Chicago last week with C. H. Smith, Hartford Fire, chairman, presiding. Those present outside of Chicago were F. W. Koeckert, Commercial Union; Ivan Escott, Home of New York; E. W. Hotchkin, Royal-Liverpool; R. D. Saford, Travelers Fire, and S. H. Quackenbush, Crum & Forster.

LIFE MEMBERS TO MEET SEPT. 18

D. O. Stine of Reedsburg, Wis., president of the Life Members Society of the Northwest Association, has called a meeting of the officers and executive committee in Chicago, Sept. 18. It will be held at the LaSalle Hotel. The date and place of the annual meeting and dinner will be decided.

A. H. Green, Atlas, is chairman of the entertainment committee. W. T. Benallack, Michigan F. & M., Detroit, is chairman of the memorial committee. C. J. Munn of the Cook County Loss Adjustment Bureau is nominating committee chairman.

E. L. Rickards, manager National Automobile Underwriters Association; P. C. Metzger, superintendent of agents London & Lancashire, and R. E. Tanner, vice-president New York Underwriters, are vice-presidents.

CHICAGO COURSES START SOON

Classes in the Insurance Institute courses at Chicago sponsored by the Insurance Education Committee and Insurance Club of Chicago will be started early in October, to continue until final examinations next May. The first class starting Oct. 4 is general principles, then fire insurance Oct. 5, inland marine Oct. 10, surety and casualty Oct. 20.

Robert A. Parker, manager Cook County Inspection Bureau, has been unanimously elected a member of the committee, succeeding W. C. Daniels of America Fore who has been assigned to Denver as special agent. Mr. Parker has lectured on fire insurance in the Chicago courses for many years. He is unusually well informed in intricate insurance matters, having been superintendent of rating of the Chicago Board before he was elevated to its general manager and later to manager of the inspection bureau. He also is executive head of the Insurance Library of Chicago which cooperates closely.

New Actuary Named in North Dakota

Insurance Commissioner Erickson of North Dakota announces that he has employed T. J. Pemas as actuary. He has been with the Minnesota department for 15 years. He was born at Cloquet, Minn., April 28, 1909, graduated from East Tawas high school in East Tawas, Mich. He took a college course in accountancy with commercial law, auditing and business administration. He graduated in 1934. He has taken special studies in advanced accounting, internal auditing, insurance law and mathematics. He has had three years experience as assistant examiner where he paid special attention to accounting methods and office procedure. He has had six years experience as senior examiner and 15 months as office rate supervisor. He will take the place of M. R. Prenner, chief examiner and consulting actuary, who has left the department.

Opens Salt Lake City Branch

The Judd W. Crocker Claim Department, independent adjusters, Omaha, is opening a branch office at Salt Lake City, under the management of Leon W. Fouts. It already has offices in Omaha, Lincoln, Grand Island, North Platte and Scottsbluff, Neb., Sioux City, Des Moines, Iowa City and Cheyenne, Wyo.

This independent adjusting firm has nine men in service. Lt. Col. George B. Dent, Jr., formerly in charge of the North Platte office, is with the army air intelligence in the India theatre. Capt. Bill Plummer, formerly of the Omaha office, is in New Guinea. Lt. Francis J. Vlach is with the military police division in Louisiana. Sgt. Lowell Davis is in an English hospital recuperating from wounds received D-day. Corp. Harry W. Williams is with the military police somewhere in the European theatre. Sgt. C. F. Nelson, Lt. Dan W. Hamilton, Pvt. Merle McDermott and Corp. Bill Dekins are in the states.

St. Louis Meeting Postponed

The St. Louis Insurance Board found it necessary to postpone its meeting that it had arranged for Sept. 26, at which Commissioner Scheufler of Missouri, E. L. Williams, president Insurance Executives Association, and other were to speak. No date has yet been set.

Association Executives to Meet Oct. 9 in Milwaukee

The Association Executives Conference, consisting of the paid executives of state and local associations affiliated with the National Association of Insurance Agents, will hold a business session in Milwaukee, Monday, Oct. 9, at 8 p.m. S. G. Otstot, executive secretary North Carolina association, is chairman.

A nominating committee to recommend officers for next year consists of D. G. Foreman, Texas; Waldo Hildebrand, Michigan, and R. L. McClelland, Louisiana. The matter of continuing the monthly bulletin as prepared for the last several years by Alfonso Johnson of the Dallas association, also will be considered.

E. B. Lucas Retired

E. B. Lucas of the general adjusting firm of Lucas, McDonald & Harding, Scranton, Pa., has retired. W. J. McDonald and B. F. Harding of the firm will continue the business under the name of McDonald & Harding.

Delaware Agents' Meeting

The first annual meeting of the Delaware Association of Insurance Agents will be held at the Pleasant Inn, Dover, next Friday. E. S. Phillips of Wilmington is president. It is expected there will be 50 members at the time of the meeting. M. W. Mays of the Business Development Office and Wallace Rodgers, executive assistant of the National Association of Insurance Agents, will be the main speakers. W. J. Swain, Delaware commissioner, is expected to be present.

Seek Wider Fire Prevention

T. Alfred Fleming, fire prevention week committee chairman of the National Board, has issued a call for reports on activities during the week in various communities from even more chambers of commerce, fire chiefs and others this year than in 1943. The number of reports last year was 30% larger than any previous year.

The insurance department of the U. S. Chamber of Commerce has sent to member chambers, trade associations, manufacturers and trade publications an attractive manual which sets forth the need of renewed efforts to control fire and demonstrates the scope of fire losses. It has also made movie trailers available for prevention week.

Correction by O'Mahoney

In his statement published last week, Senator O'Mahoney says the word "avoiding" in the second paragraph should be "preserving," so as to make the clause read "preserving the prohibitions" of the anti-trust act, etc.

Klie Nominated for Trustee

Members of the central Ohio district of the Ohio Association of Insurance Agents, at a meeting in Columbus, selected Robert Klie, president of the Insurance Board of Columbus, as trustee to succeed Max M. Fuls of Chillicothe. The selection will be formally ratified at the annual convention of the association in Columbus Oct. 23-24.

Defer N. A. I. C. Committee Meet

The executive committee of the National Association of Insurance Commissioners will not meet early in October but the latter part of the month, according to an announcement by Secretary Read, authorized by Superintendent Scheufler of Missouri, executive committee chairman.

Earl Reid Very Ill

Earl A. Reid, Ohio state agent of London Assurance, is seriously ill at the home of his sister in Columbus. He suffered a cerebral hemorrhage a few days ago.

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(CONTINUED FROM PAGE 4)

strike down a state statute that is in furtherance of the policy of protecting "the small business man" as against the power created by large aggregations of capital in the great financial centers of the country.

Certain state laws, he said, the New York law governing investment requirements of both domestic and out of state companies, for example, do not discriminate against interstate commerce as such, yet do lay a burden upon that commerce which depends upon acts done outside the state. The obligation of an insurer to policyholders of a particular state cannot as a practical matter be isolated from its obligations to other policyholders, Mr. Patterson commented. Such laws are similar to the quarantine laws which frequently have been upheld by the Supreme Court though they stop interstate commerce at state borders.

It seems very unlikely that the basic plan of state supervision will be overturned by the Supreme Court as a result of its recent decisions, Mr. Patterson declared. Most state insurance laws are quarantine walls rather than tariff walls against foreign insurers. Yet this will not prevent some insurers or agents, aggrieved by the application of a particular state regulation, from litigating the new issue of constitutionality or from contending that the regulation constitutes an unwarranted interference with interstate commerce. If this happens, it will introduce uncertainty in the state supervision until the Supreme Court has, perhaps by a series of decisions, settled the effects of its new doctrine.

CENTRALIZATION MOVE

However, Mr. Patterson said, the chief threat to continued state supervision is not from the Court but from Congress. This arises from the present "trend" toward centralization of power in the federal government because of the demand for uniform, comprehensive and effective regulation of certain kinds of interstate activities, demands which state regulation has been unable to satisfy. Many states do not have resources of personnel to do an efficient job of regulating the more complex forms of interstate commerce, he said. It is impossible, he said, to block a positive trend with mere negation, and he suggested that those who oppose the tendency toward greater centralization should strive to make state supervision of insurance preserve better than it does now the values of efficiency, uniformity and equality.

One striking advantage of state supervision has been that an insurance company which wanted to do a countrywide business was compelled, in order to obtain a license to do business in the more populous states, to conform its investments and other practices to the highest standards set by any of those states. He doubted if congressional legislation, emerging from the mill of countless local pressure groups, would set as high standards for countrywide operation.

Although the securities act of 1933 expressly exempts insurance policies, it implies that they are "securities," and the S.E.U.A. decision may lead to an attempt by the government to bring insurance companies, particularly life companies, under the jurisdiction of the Securities & Exchange Commission through amendment, Mr. Guier suggested.

If "insurance is commerce," Congress has the power to extend this act to insurance companies, and such power might be derived in any event through control of the mails. Some government agencies already favor bringing insurers within the act, he said. Sigmund Timberg, senior attorney of the Securities & Exchange Commission, in the Yale "Law Journal" of April, 1941, vigorously asserted that life insurance policies are "securities," and that the life companies should be subject to the jurisdiction of the commission. The thought behind

all this seems to be that the government should supervise the activities of insurance companies in the investment field, Mr. Guier said.

Under the national labor relations act, he said, it may be that insurers will not be plagued with picket lines, strikes, slowdowns and other incidents characteristic of labor disputes in the industrial field, but if not it will be due to the fact that their employees are almost wholly within the white collar group and because of the history of mutually harmonious relationship, with employees, and not because the companies are excluded from the Wagner act. The S.E.U.A. decision also settled any prior doubts as to application of the fair labor standards act to insurance. Compliance is now a necessity where before it was more or less on a voluntary basis.

Under the Sherman anti-trust act, generally speaking, self regulation and self policing of insurance through voluntary concerted action are ended, except as such action is based upon and in conformity with requirements, of some state statute and has the affirmative approval of the appropriate state officer so as to constitute in effect "state action."

The companies probably can still collaborate in assembling and distributing statistical data bearing on business experience and losses, and they may collectively undertake a campaign to improve public relations or reduce losses, he said. It is probable that in the depths of a depression companies in a "distress industry" would be permitted to go far in collaborating without violating the act, though in prosperous times the same type of transaction would probably be banned.

Under the Clayton act, an insurance company may not acquire the stock of a competing company, where the effect is substantially to lessen the competition or restrict commerce or tend to create a monopoly, he said. Section 14 of the act imposes individual liability on directors, officers and agents of a corporation which has violated the provisions of the anti-trust laws. Section 4 provides the remedy of triple damages. The Robinson-Patman amendment to the Sherman act, prohibiting price discrimination, Mr. Guier does not believe applies to the insurance business. Section 13 (c), dealing with commissions, might be troublesome to the present American agency system.

The federal trade commission has not had occasion to apply the terms of the act to the insurance business but has compiled a rather extensive list of business practices which it condemns as violating the act, including use of false or misleading advertising, making false and disparaging statements respecting competitors' business, trade boycotts, combinations or agreements of competitors to fix prices or divide territory or business; selling below cost to suppress competition, etc.

RATE MAKING MATTER

The immediate result of the S.E.U.A. decision is to afford a weapon for bringing to an end any discrimination against foreign insurance companies by the states under police and taxing powers, so far as the business conducted is interstate, Mr. Hughes said in his talk before the international group.

Rate making is a scientific business, he commented, requiring a great number of technically trained persons to establish the cost of policies. If combining to establish rates is illegal, another means must be found, the alternative being rates fixed by the state or by the individual companies. In either event, the cost may be increased. The change in practice fosters the very thing which the Sherman act is meant to guard against, discrimination, for without uniformity there is bound to be discrimination, he asserted.

Under the decision, since Congress has not acted, Mr. Hughes said, the

state must proceed with the knowledge that it may be later overruled and each transaction must be decided on a case to case basis. This is unfortunate from the viewpoint of the public. In order to maintain public confidence the companies must be stable and this cannot follow if litigation is necessary to determine the power of the state in each instance. It creates an atmosphere of uncertainty, dissatisfaction and suspicion.

Effect on Rate Regulation

Mr. Berger dealt with the question of whether compliance with a state act fixing rates would be a defense to an asserted violation of the Sherman anti-trust and the Federal Trade Commission acts. The Supreme Court decision in Parker vs. Brown would indicate that where the state requires insurers to file rates and have them approved by the state regulatory body, there would be no violation of the Sherman anti-trust act, he said. However, it is hard to predict whether anything short of com-

plete regulation of rates by the state would be considered an act of the sovereign and not an agreement or contract on the part of the companies. Short of an actual determination by the Supreme Court, one cannot be sure that a state statute will not violate the Sherman anti-trust act, he said.

The Department of Justice's action against the western railroads, Mr. Berger said, indicates that the only rating act that might give protection to insurers would be one where forms, endorsements and rates all are conceived and promulgated by the insurance department itself without any suggestion from companies or from anyone representing them.

Mr. Fraizer at the bar meeting made a plea for continuation of state regulation on the basis of its closeness to the people. The states have done an excellent job, he said. He opposes dual control. He pointed out that in all its decisions prior to the S.E.U.A. case, the Supreme Court has looked to the ob-



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jectives of the business, rather than to the means of accomplishment, in determining whether or not insurance is interstate commerce. He said that doubts and uncertainties have arisen from the S.E.U.A. decision and hoped that a federal legislative program will develop that will absolutely leave the regulation of insurance in the hands of the states.

In discussing trends in insurance regulation at the international meeting, Mr. Fraizer said there are two objectives of such regulation, to have the price right and to keep the companies solvent. He cited the development of the new commissioners' mortality table for life insurance, the growth of the idea that the writing powers of the fire and casualty companies should be broadened, and some of the possible post war problems as trends.

He suggested that while there has been no satisfactory answer to the unauthorized insurer, the campaign of education within the ranks of the National Association of Insurance Commissioners has been very beneficial. He said that large insurers doing a nationwide business in all or most of the states should not be harassed by vindictive, mischievous or careless enforcement of retaliatory laws.

Good Crowd for Annual Parley on Montana Agents

(CONTINUED FROM PAGE 6)

eral states became interested in and commenced to undertake the regulation of the business. Over 75 years ago the authority of a state so to regulate insurance was questioned and was thereafter definitely settled and established in the case of Paul vs. Virginia, where insurance was held not to be commerce. Throughout the intervening years the U. S. Supreme Court has repeatedly reaffirmed its original holdings. The subject of exclusive recognition and regulation of insurance by the states has in times past been given comprehensive study by Congress. It has resulted in determination by that body that insurance is a business which is subject and only subject to regulation by the states.

Relied on Supreme Court

He said that through reliance upon U. S. Supreme Court decisions and statements of policy emanating from Congress, state regulation has developed, and for almost 100 years the insurance

business has become highly geared to state regulation. Such was the state of the law at the time Congress enacted the Sherman anti-trust act. Following the adoption of that act until 1942 there apparently was no particular thought to the contrary.

During all this period of state regulation, at least two highly important and fundamental concepts of the insurance business became apparent.

First, the insurance business can only serve the public interest and so can only exist so long as absolute financial stability is maintained. Cut throat competition, rate wars, highly diversified divergent coverage designed to promote sales in a field of wide open competition instead of affording proper coverage for public misfortune, accident or disaster, tend not only toward confusion and destruction of public confidence but also toward the elimination of financial stability. The revenues from the insurance business so far as taxation is concerned go to the states. Insurance premium taxes based on 1943 California premiums payable this year amount to \$11,426,941, the highest tax recorded in the state.

This year the net taxable premiums in California were \$475,503,820. The entire amount goes into the general fund of the state. California, he said, is the second largest insurance state in the nation. It would be a decided loss if the entire supervision of the business were taken over by the federal government which would mean the loss of a tremendous income to the state.

Violation of Law Charged

This state regulatory system prevailed until action was brought against the Southeastern Underwriters Association at Atlanta, Ga., charging the companies and officials with violation of the federal anti-trust laws which have been in effect for more than 50 years. The federal government had not until this time sought to apply these laws to insurance. He spoke of the U. S. Supreme Court decision holding that insurance is interstate commerce.

Mr. Agnew referred to the bills to eliminate insurance from federal anti-trust laws as "stop gap legislation." These bills if passed would preserve the status quo, that is, to maintain the situation as has been and to continue the full and complete effectiveness of state regulation and to prevent chaotic conditions. The legislation, he said, will remove doubt and preserve a situation that has proved very successful.

Should Maintain Present Situation

Mr. Agnew said that it appears it is incumbent upon Congress to take certain steps so as to maintain the existing situation at least until such a time as it has been determined whether as a matter of policy it would be wise for the federal government to assume the burden of regulation, and secondly, whether such an undertaking would be in furtherance of the public interest. Pending legislation, he said, is concerned only with maintaining the existing situation and protecting it from complete disruption by the sudden reversal of law and abrupt application of the Sherman anti-trust act. He said that so far as he knows there is no expressed determination even by the opposition to the legislation to supplant state regulation by complete or even partial federal regulation. The tactics, however, have been to employ such extensive hearings on the assertion that Congress should not eliminate itself from the field without more information. To the uninformed, Mr. Agnew declared, such an argument apparently carried some appeal and as a result the Bailey-Walter bill following its adoption by the House has continued to remain in the Senate subcommittee.

Need Time to Work Out Problems

The speaker said that what is needed is time to work these many problems out in an orderly way as they arise and the one immediate problem is rising out of the applicability of the Sherman act to insurance. It has been suggested

that there is no emergency because of the statement of the attorney general and because an inference can be drawn from a statement in the decision that state legislation properly drawn can protect the companies from the anti-trust law. An inference and a newspaper release, he said, are not sound bases on which to operate this business.

Mr. Agnew referred to the action of the executive committee of the National Association of Insurance Commissioners requesting all attorneys general to join in the petition to the U. S. Supreme Court for rehearing in the S.E.U.A. case and then federal legislation was suggested. The special committee headed by Harrington of Massachusetts was appointed to work with the different branches of the insurance industry in the effort to bring about unity of purpose.

GUY LANDES TALK

Guy Landes of Tulsa, Okla., member of the executive committee of the National Association of Insurance Agents who represented that body, said that in his opinion the litigation started by the Department of Justice in the S.E.U.A. case has had some compensating features. It has made the insurance business more conscious of its community of interest. He said that in cooperation with the insurance commissioners much benefit will come. A greater consciousness of common interest throughout the business will develop, there will be a closer examination of the industry for the elimination of factors which may not be equal in all states and are occasionally or temporarily not in the public interest.

Policyholders Satisfied

Mr. Landes said that the public has a very large stake in this attack on insurance. Evidently the policyholders are fairly well satisfied because there has been very little correspondence with them and they have not made many inquiries. Mr. Landes thinks that the insurance people should explain the importance of the current trend to them. He called attention to the action of the Department of Justice in bringing anti-trust suits against the railroads and banking houses. "Issues involved in this litigation," chairman of the Western Association of Railways says, "strike at the keystone of the economic and political structure of this country." The railroads have been under rigid supervision of the federal government for more than half a century and most of the alleged violations are due to actions necessary to comply with regulatory laws and mandates of the Interstate Commerce Commission.

Railroads Performed Fine Service

Mr. Landes said that in his opinion the railroads have performed a great service in war time and have done an efficient job. He opined that in one respect the railroad association has been far ahead of the insurance industry. It has had a vigorous advertising and public relations campaign going on. This will help railroads and undoubtedly will have an effect on legislation.

The National Association of Insurance Agents, he said, has put in action a public relations program that he believes will do a great job. It will be accomplished through individual agents and local boards. He said that this year there has been put into practice a closer contact between the National and state bodies. The agents all over the country, he said, are working together more harmoniously and unitedly.

Arnold Huppert's Address

Arnold Huppert of Livingston, Mont., secretary of the Montana association, in an address said that whenever business men sit in convention they discuss politics. They discuss the present administration because politics and politicians under it have exerted a tremendous influence on all business, he added. He declared that the present administration

is antagonistic to business, both large and small. It is hostile to insurance, he contended. He said the Montana association and many prominent Democratic agents in the state urged the Democratic convention to incorporate in its platform a plank parallel to the one in the Republican platform which is to the effect that it desires insurance be controlled by the state.

He said that 21 delegates who were on the platform committee voted for the insertion of this plank but they were outvoted by the administration supporters. He condemned the activity of Sidney Hillman in levying an assessment on the CIO for the administration support and also Earl Browder for being active in the Communist party in support of the administration. He condemned the administration for seeking to appropriate \$300 million annually for public education. He said that this is no time to make such a lavish distribution and the states are now doing a good job in maintaining educational processes. He observed that insurance men should take an active part in the forthcoming election and vote for those who are friendly to insurance and want to have fair and square dealing.

The morning session on the second day was a closed one for members only. The report of the auditing committee was made. Discussions were held on various subjects of interest to the members.

Resolutions asked elimination of agents who do not maintain offices; recognition of the efforts of Chief Baker of the Lewistown fire department, in fire prevention, which have received national recognition; increased membership; and opposition to any organization representing an organized and selfish economic interest and attempting to gain power over state and national governmental units for the purpose of forwarding its own interest and welfare.

Ed Heidel, the new president, owns the Heidel agency at Bozeman, and prior to moving there he was in the banking business in Belgrade, Mont. Mr. Haviland, vice-president, was in the banking business in eastern North Dakota prior to 1928 when he moved to Deer Lodge where he has been in insurance and finance since then. Mr. Huppert has been secretary-treasurer a number of years.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, Sept. 11, 1944.

	Par	Div.	Bid	Asked
Aetna Cas.	10	5.00*	128	133
Aetna Fire	10	1.80*	51 1/2	53
Aetna Life	10	1.40*	35	36 1/2
Agricultural	25	3.25*	76	79
Amer. Alliance	10	1.05*	22 1/2	24
Amer. Cas.	10	.60	11 1/2	12 1/2
Amer. Equitable	5	1.00	18	19
Amer. Home	10	...	11	12
Amer. (N. J.) ...	2.50	.60*	15	16
Amer. Surety ...	25	2.50	56	58
Balt. Amer.	2.50	.30*	6 1/2	7
Boston	100	21.00	585	600
Camden Fire ...	5	1.00	20 1/2	21 1/2
Contl. Cas.	5	1.60*	40	42
Contl. N. Y. ...	2.50	2.00*	46 1/2	47 1/2
Fidelity-Phen. ...	2.50	2.20*	47	48
Fire Assn.	10	2.50*	60	63
Fireman's (N.J.)	5	.40	12 1/2	13 1/2
Fireman's Fund.	10	3.00	91	93
Franklin Fire ...	5	1.00	23 1/2	25
Glens Falls ...	5	1.85*	42 1/2	44 1/2
Globe & Repub. ...	5	.50	8 1/2	9 1/2
Gr. Amer. Fire ...	5	1.20*	27 1/2	28 1/2
Hanover Fire ...	10	1.20	27 1/2	28 1/2
Hartford Fire ...	10	1.50*	98 1/2	101
Home (N. Y.) ...	5	1.20	27 1/2	28 1/2
Ins. Co. of N. A.	10	3.00*	86 1/2	88
Maryland Cas. ...	1	.50	8	9
Mass. Bonding ...	12.50	3.50	67	69
Natl. Cas.	10	1.25*	27 1/2	29
Natl. Fire	10	2.00	59	61
Natl. Liberty ...	2	.30*	6 1/2	7
Natl. Un. Fire ...	20	5.00*	164	168
New Amst. Cas. ...	2	1.00	25	26
New Hamp.	10	1.80*	45	47
North River ...	2.50	1.00	23	25
Ohio Cas.	5	.80	23	24 1/2
Phoenix, Conn. ...	10	3.00*	83	86
Preferred Accl. ...	5	1.00*	13 1/2	14 1/2
Prov. Wash.	10	1.40*	34	36
St. Paul F. & M.	12.50	2.00*	72	74
Security, Conn. ...	10	1.40	35	36 1/2
Sprngfld. F. & M.	25	4.75*	120	123
Standard Accl. ...	10	2.50	61	63
Travelers	100	16.00	480	490
U. S. F. & G. ...	10	1.50*	35	36 1/2
U. S. Fire	4	2.00	48 1/2	50 1/2

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National reinsurance agency is seeking manager for mid-western office familiar with fire and casualty insurance production in the territory. Knowledge of excess and reinsurance helpful. Write Box W-84, care The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Man with 20 years experience as fieldman and underwriter. Would like to locate in Chicago as fire underwriter or Cook County special agent. Stock company preferred. Address W-92, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

Turkey Insurance Being Discussed by Committee

(CONTINUED FROM PAGE 4)

from Oct. 15 to Jan. 1. Then the blinding snowstorms and sleet are prevalent. So far as the other parts of the year are concerned the loss ratio is quite low. Turkeys now can be sold at a good price at any time owing to the war situation and to the fact that turkey meat is not subject to restrictions. Therefore turkey raisers have been shifting their formula of hatching to a considerable extent so that the turkeys can be sold at other times of the year than around Thanksgiving and Christmas.

Turkeys are valued at about \$6 a head. However, the committee investigating the situation evidently has concluded that it would be suicidal for companies to insure for full value. There must be a limited value, say of \$3, and there will probably have to be a deductible clause.

Banks Are Interested

The banks are greatly interested in the insurance developments inasmuch as they are called upon to make loans not only to the turkey owners but to the so-called turkey feeders who provide the feed for the big ranches. In some cases ranches raise alfalfa in large quantities and turkeys are turned on the field.

At the annual meeting of the Minnesota Association of Insurance Agents there was considerable discussion among members as to the insurance situation, they being very eager to have some plan put into operation.

It seems likely that in the initial rate making there will have to be a much heavier loading for October, November and December coverage. If policies cover the turkeys during those three months the cost naturally will be much higher. Until the companies do get sufficient experience to enable them to do some scientific rating that features will have to be in the experimental stage for a while.

SITUATION IN MINNESOTA

Turkey raising is becoming one of the major farm activities in certain sections of Minnesota, particularly in the central and southwestern parts of the state. The turkey farmers need and want insurance but many of them have been unable to get it through their local stock company agents. Their companies will write only a limited number of birds in a flock and only a limited number in each county. This does not fill the bill and many of the local agents who want to accommodate their clients have had to turn to mutuals to get turkey coverage.

This situation has been so unsatisfactory to the stock company agents that they have turned to their state association to get action. Several months ago the Minnesota Association of Insurance Agents named a special committee to study the matter and report recommendations. George Odell, Willmar, was chairman, with Fred Riegger, Benson, and Brad Strom, Jackson, the other members. All three live in turkey raising sections and are familiar with the insurance problem.

Pool Is Recommended

After a thorough study of the problem, this committee recommended that stock companies form a pool to spread the liability, urged that the limit of liability be upped to \$3 a bird (now \$2.50) and that the 10% deductible be dropped. The committee recognized that the companies are justified in demanding certain shelter requirements on the part of growers to protect their birds from late fall storms. Some growers now provide fairly adequate shelter but they pay the same rate as their neighbors who provide no shelter.

Because of the limited coverage provided by stock companies much turkey

business is being written in the Farm Owners Mutual of St. Paul which has a 90% reinsurance contract with Lloyds. One member of the agents' committee favored placing all turkey business through that company but the others objected. They are not entirely sold on the Farm Owners Mutual contract and prefer to place their turkey business in stock companies and favored pressuring the companies until it is provided.

Receive Encouragement

As a result of the recommendations of this committee a special committee made up of Mr. Odell, Howard Williams, Mankato, now president of the state association, and Guy Rolien, Milaca, former rural agents chairman of the national association, went to Chicago to confer with company representatives. They got a good hearing and returned home encouraged over the attitude of the company men.

All this refers to the "mine run" turkey business. The big outfit financed by feed companies are adequately insured through a pool made up of three large Minneapolis agencies, Marsh & McLennan, Chas. W. Sexton Co. and Wirt Wilson & Co. They handle the turkey business of the feed companies as part of their general coverage for those firms which are centered in Minneapolis.

Insurance Commissioners' New Committees Named

(CONTINUED FROM PAGE 6)

Sims, West Virginia, and Graves, Arkansas.

Taxation—Holmes, chairman, Montana; Erickson, vice-chairman, North Dakota; Burns, Vermont; Sims, West Virginia; Martin, Jr., Louisiana; Hobbs, Kansas; Whitten, Maine, and Schmidt, Nevada.

Unauthorized Insurance—Parker, chairman, Georgia; Burns, vice-chairman, Vermont; Swain, Delaware; Mueller, South Dakota; Barrus, Wyoming; Rummage, Arizona; Murphy, South Carolina; Schmidt, Nevada.

Valuation of Securities—Dineen, chairman, New York; Gough, vice-chairman, New Jersey; Ensor, Maryland; Martin, Louisiana; Fischer, Iowa; Hobbs, Kansas; Sullivan, Washington; Harrington, Massachusetts; Neel, Pennsylvania, and Graves, Arkansas.

Sub-Committee—Harrington, Massa-

chusetts; Gough, New Jersey, and Dineen, New York.

Hospitalization and Medical Service—Goodpaster, chairman, Kentucky; Rummage, vice-chairman, Arizona; Neel, Pennsylvania; Parkinson, Illinois; Dineen, New York; Barrus, Wyoming; Swain, Delaware, and Schmidt, Nevada.

Examinations—Read, chairman, Oklahoma; Julian, vice-chairman, Alabama; Fischer, Iowa; Viehmann, Indiana; Gough, New Jersey; Allyn, Connecticut; Bowles, Virginia; Kavanaugh, Colorado; Crabbe, Ohio; Rummage, Arizona; Thompson, Oregon, and Larson, Florida.

Federal Legislation (to work with committee from insurance industry)—Harrington, chairman, Massachusetts; Scheuffer, Missouri; McCormack, Tennessee; Dineen, New York; Johnson, Minnesota, and Graves, Arkansas.

Fire and Marine—Crabbe, chairman, Ohio; Carroll, vice-chairman, Rhode Island; Holmes, Montana; Julian, Alabama; Hall, Texas; Forbes, Michigan; Allyn, Connecticut; Apodaca, New Mexico; Hodges, North Carolina; Jordan, Washington, D. C., and White, Mississippi.

Workmen's Compensation—Hodges, chairman, North Carolina; Forbes, vice-chairman, Michigan; Gough, New Jersey; Larson, Florida; Gibbs, Texas; Garrison, California; Carroll, Rhode Island, and Apodaca, New Mexico.

SPECIAL COMMITTEES

Automobile Assigned Risk Plan—Parkinson, chairman, Illinois; Kavanaugh, vice-chairman, Colorado; Whitten, Maine; Sims, West Virginia; Goodpaster, Kentucky; Carlson, Utah; Burns, Vermont, and Cullimore, Idaho.

Fire Prevention—McCormack, chairman, Tennessee; Jordan, vice-chairman, Washington, D. C.; Whitten, Maine; Mueller, South Dakota; Hall, Texas, and Sullivan, Washington.

Interstate Rating and Irregular Underwriting Practices—Forbes, chairman, Michigan; Lockhart, vice-chairman, Texas; Knowlton, New Hampshire; Bowles, Virginia; Scheuffer, Missouri, and Dineen, New York.

Multiple Coverage (Industry)—J. A. Diemand, North America, chairman; Arthur Lafrentz, American Surety; S. Bruce Black, Liberty Mutual; William H. La Boyteau; J. A. Nelson, New Amsterdam Casualty; W. D. Winter, Atlantic Mutual; W. D. O'Gorman, general agent, Newark, N. J.; Kenneth Bell.

Sub-Committee (Commissioners)—Harrington, chairman, Massachusetts; Ensor, Maryland, and Fraizer, Nebraska.

SWIS National Directors Committee—McCormack, chairman, Tennessee; Lund, vice-chairman, Minnesota, and Swain, Delaware.

Casualty and Surety—Bowles, chairman, Virginia; Parker, vice-chairman, Georgia; Viehmann, Indiana; Gibbs, Texas; Cullimore, Idaho; Knowlton, New Hampshire; Hodges, North Carolina, and Carlson, Utah.

Sullivan Confident State Supervision Will Be Safe

TACOMA—Congress will pass legislation securing the future of state supervision of insurance, Commissioner W. A. Sullivan predicted in a talk before the Pierce County Association of Insurance Agents in Tacoma. "My personal impression is that our federal government is not seeking control of insurance," he said. A measure much broader in scope than the Bailey-Walter bill will be enacted, he said.

The Washington insurance code is so strong as to eliminate the possibility of any adverse reaction on the business in the state unless Congress passes legislation placing the federal government in the field of supervision, Mr. Sullivan said. He said there is ample precedent in law to guarantee state supervision with respect to necessary rate control, where otherwise cooperation within the industry, in the absence of specific state laws, might run afoul of federal anti-trust statutes.

Recent reductions in fire insurance rates effected in certain eastern states following the U. S. Supreme Court decisions, probably have resulted from fear of anti-trust violations, Commissioner Sullivan said. He believes rate reductions should not be made on this basis; that the public would suffer if companies failed to secure adequate rates, because insolvency results from inadequate rates. While the state of Washington's laws give the commissioner discretionary power to accept or reject rate reductions, based upon experience, unwarranted cuts in large eastern states could have a direct effect upon the smaller states, he warned.

The first fall meeting of the Indianapolis Association of Insurance Women will be held Sept. 19. Mrs. Ada V. Doyle, Caldwell, N. J., president of the National Association of Insurance Women, will give highlights of a recent meeting of the officers of National association in Wichita.

The Insurance Women of Cleveland will hold the first fall meeting Sept. 14. New members are admitted during September only. There will be a short business session followed by initiation of a large group.

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EDITORIAL COMMENT

Scan Regulated Businesses

Evidently companies are more concerned about what may be required of them in case any degree of national supervision is imposed. Officials have been in consultation with bank officers, railroad officials, packing house people and other enterprises where the government exercises rather strict supervision. They are appalled with the questionnaires that have to be answered, the information along other lines to be gained.

It would seem that very much of

the material was useless but it had to be forthcoming. Companies fear that if the government "moves in on them" they will be confronted with similar demands. Many officials declare that nine-tenths of the blanks that have to be filled out for the government are stacked away like cords of wood and never looked at. In addition there are many rules and regulations issued by people connected with the bureaus who have no practical knowledge of the business which they are helping to supervise.

Getting the Proper Viewpoint

It is very difficult for the layman to understand the loss or claim ratio situation with regard to all forms of property and liability insurance. He looks at the premiums received and losses paid and concludes that the difference is all profit. Those who try to clarify the thinking in the mind of the wayfarer find that this conclusion is a barrier hard to get through.

A reader of statistics in concluding that the difference between premiums received and losses paid is all profit forgets first the expense element. There have been a number of very searching analyses and studies of the selling and distribution cost of insurance. We must remember that insurance is a retail business. It is sold chiefly through agents who are paid a commission. The agents are needed to distribute the insurance. We need to have as much insurance protection as possible. If we were better protected the economic situation would be greatly improved. Therefore it is to the advantage of all of us to have as wide a distribution of insurance as possible. The more people that are covered the less dislocation there will be.

Figures show us that the cost of insurance is just about on a par with other services and goods sold at retail.

There are other demands on the insurance premium dollar that we do not find in many retail businesses. There are many additional calls on insurance companies so that even after losses, acquisition cost and distribution are paid, there are still many bills on the hook.

For instance, insurance companies must supervise their agents. They are called upon to do many things for agents that are of benefit to policyholders. Insurance companies all have their risks inspected to see whether there are any hazards that can be eliminated or at least reduced. This serves, of course, to lessen the possibility of loss or injury. Losses and claims have to be ad-

justed. This takes money. There are organizations maintained by insurance companies that are for the benefit largely of the public such as the Underwriters Laboratories, National Fire Protection Association, National Conservation Association and other bodies that have to do with the lessening of hazards. In case of steam boiler insurance, for example, the loss ratio is extremely low because of the large amount spent for inspection so that any evidence of weakness in a boiler may be repaired at once. The premium payers should be very much interested in all expense that has to do with reducing loss. Ultimately that will reduce their cost. Fire insurance companies go to great expense in making inspections of towns to ascertain the value of their fire defense. Towns are rated according to the adequacy and efficacy of this defense.

Then again the tax on insurance companies is getting greater. They not only have to pay what ordinary corporations do but they are singled out for special taxes. State insurance departments must be maintained and the contributions of insurance companies are no mean factor in the general revenue of states. The federal tax has gradually increased. Taxes on premiums are levied by the states. A number of cities have taxes on fire insurance companies for the benefit of fire department pensions.

All these factors must be taken into consideration and the public should be made aware with what insurance companies are confronted in the way of outgo.

In our opinion there should be a line of demarcation sharply drawn between what might be called expense of operation and expense of conservation. When an industry spends money to conserve the property and human life and limbs of premium payers that is not an expense of operations as we know it but

it appears in the state insurance reports as an expense. More and more we will see as time goes on companies will use more of the premium dollar for the

benefit of the public in conservation of property, life and limb. Therefore that feature in so-called insurance "expense" should be thoroughly defined.

PERSONAL SIDE OF THE BUSINESS

W. L. Sundstrom, assistant manager of the western branch of Factory Association, and Miss Elizabeth Etchison of Chicago were married at the home of the bride's sister, Mrs. J. A. Wilson, in that city and the couple are now on a wedding trip to the west coast. Mrs. Sundstrom for eight years was secretary to E. W. Willis, who is assistant manager of Factory Association at Chicago.

W. M. Frink, U. S. manager of Norwich Union Fire, has been in Chicago about a week visiting friends. **K. S. Ogilvie**, western manager, was in Chicago for a day or two and then went on to Fargo and Minneapolis for an agency visit.

George Z. Day, president, and **C. H. Conklin**, secretary of Northern of New York, are completing a two weeks' visit to middle western cities, including Chicago, Minneapolis, Milwaukee, Detroit and Indianapolis.

W. S. Gibbons, St. Paul F. & M., state agent at Wichita, has received a cablegram from his son, Lt. William Gibbons, that he is safe and "not to worry." Lt. Gibbons, pilot of a B-17 bomber, had been missing in action since early in June.

John T. Harding, vice-president of Standard of Trenton, has been visiting in Chicago this week and now is making a trip through Illinois, where he traveled for many years for Millers National. On his way west he made some stops in Ohio and at Detroit.

George Senn, manager of the reinsurance department of the Yorkshire at its head office in New York City, celebrated his 25th anniversary with the company. He was tendered a luncheon arranged by Leroy Beers of the North British and Art Kistner of the Yorkshire. Mr. Senn is a past president of the Reinsurance Club and is now treasurer.

Burt Burton, state agent of the Home at Sioux Falls, S. D., was chosen foreman of the U. S. district court grand jury at Deadwood, S. D. **L. S. Wheeler**, local agent at Philip, S. D., was chosen secretary. **M. P. Ohlman**, agent at Yankton, S. D., is also serving on the jury.

George Ort, chief of the ordnance department insurance section, Washington, is the proud father of a son. Mr. Ort was in the private insurance business before entering government service.

A. Y. Lytle of the safety education department of the Aetna Life companies has been named vice-chairman of the fire prevention committee of the United States Junior Chamber of Commerce. He is president of the Hartford junior chamber of commerce and is a member of the Hartford fire prevention committee.

Lt. Theodore J. Fraizer, son of Insurance Director Fraizer of Nebraska, who is with the army engineers at Camp Breckinridge, Ky., visited his father and mother during the meeting of the

International Association of Insurance Counsel in Chicago last week.

Harold L. Wright, 86, first insurance commissioner of Texas, has retired after 55 years in insurance in Palestine, Tex. He has sold his business to the Grigsby agency there.

James E. Wallen, 73, Palmyra, Neb., insurance man and a fellow townsman, Guy C. Burton, were kidnapped by two convicts believed to have escaped from the state penitentiary. They were released in south Omaha at midnight after a wild ride at 85 miles an hour. The convicts appeared at Wallen's door on the pretext a woman had been injured in an auto accident and needed aid. Wallen called Burton who had a car and they started out to the supposed scene of the accident, then the bandits took possession of the car.

T. G. Tabb, member of the Richmond, Va., local agency of Tabb, Brockenhough & Ragland, who has been ill, has recovered sufficiently to leave the hospital and return home. It will probably be some time before he is able to resume active work.

H. V. Godbold, president of the H. V. Godbold agency of Richmond, Va., who has been confined to his home with a heart ailment for several months, is now sufficiently convalescent to be able to spend an hour or two at his office each day. At one time his condition was so serious members of the family were summoned to his bedside.

Robert C. Hosmer, president of the Excelsior of Syracuse, is wearing a broad smile these days for he recently became a grandfather when a son was born to Lt. and Mrs. David W. Hosmer in Atlanta, Ga., where Lt. Hosmer is stationed. The new arrival has been named David Wylie Hosmer, Jr.

Lt. Hosmer, until his entrance in the service more than two years ago, was in the Excelsior's underwriting department at the home office. His two brothers, Major R. C. Hosmer, Jr., and Lt. C. B. Hosmer, are both in foreign service.

Major Hosmer on his rounds in France stopped in one of the old time buildings and had a case of nostalgia when he caught sight of the 1944 calendar of Galvin, Jackson & Starr agency of Meadville, Pa., in whose territory he formerly traveled. It was the first American calendar he had seen since he went overseas nine months ago. L. B. Starr of the agency is a director of Excelsior. Major Hosmer was stationed in England but is now on combat duty in France.

DEATHS

Nathan I. Farris, 72, veteran local agent at Norwich, Kan., who retired less than 60 days ago due to ill health, died in a Wichita hospital. He had lived in Norwich 66 years.

Thomas P. Bethshares, Jr., 48, con-



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"I CARRY A 'FALLING PLANE' POLICY WITH YOU, - BUT YOU CERTAINLY WON'T BELIEVE WHAT'S HAPPENED!"

connected with the Davis, Bradford & Corson agency of Nashville for 19 years and before that with the Tennessee Inspection Bureau for two years, died following an extended illness.

W. F. Halvorson of Sioux Falls, S. D., state agent for the America Fore, died suddenly at his home. He had been connected with the company since 1929. He was listening to the radio, took up a paper and started to read and died almost instantly. Assistant Secretary L. J. Feeney and J. E. Cryan, assistant manager hail and farm department division, from the western department attended the funeral services. Mr. Halvorson was 54 years of age. He traveled first in North Dakota and was transferred to South Dakota in 1938.

Mr. Halvorson was born Feb. 15, 1890, in Toronto, S. D.

John C. Orr local agent of Missoula, Mont. died of a heart attack while on a trip to Spokane. He was 77.

Capt. John Power, former Helena local agent was killed in a plane crash near Ephrata, Wash.

Herbert A. Shaw, one of the best-known insurance men in Canada died. He had been a member of Parkes, McVittie & Shaw since it was founded 32

years ago. He joined Medland & Jones in 1885, in 1894 established his own business, and a year later formed partnership with Herbert Begg. Severing connection with Shaw & Begg in 1912 he opened an office as agent for Duquesne Underwriters and also was appointed agent for Continental.

William Zink, 84, who operated a real estate and insurance agency in St. Louis for 60 years, died at St. Mary's hospital there of pneumonia.

Col. Thomas F. Murphy of Dedham, Mass., boiler insurance specialist of the Kaler, Carney, Liffler & Co., agency Boston, and aide to Maj. Gen. C. R. Edwards and adjutant of the 101st Infantry regiment of the Yankee division in World War I, died of a heart attack. He was born in Boston and graduated from Dartmouth in 1909. He served on the Mexican border in 1916 and after graduation from the army war college in Washington went overseas in 1917.

Henry Rabe, prominent San Antonio broker, died. He was a broker in the city for more than 25 years and a member of Rabe & Mathis. His death occurred in San Francisco last week, where he was visiting a daughter, Mrs. S. L. Horn, whose husband has been a

broker in San Francisco for many years and is associated with Equitable Society.

Austin Moore, 37, Dallas insurance man, active receiver in liquidation of the Casualty Underwriters of Dallas, and board chairman of the recently organized Superior Insurance Company of Dallas, died after a long illness. He was vice-president of several Austin business concerns.

Thomas P. Bethshares, Jr., 48, of the Davis, Bradford & Corson agency, Nashville, the past 19 years and previously with the Tennessee Inspection Bureau, died following an extended illness. He was active in insurance association and civic work.

W. J. O'Mara, 49, Bellingham, Wash., local agent, died after a long illness.

H. T. Waller, 68, Akron insurance man from 1927 until he became director of rent control for the Akron area in 1942, died of a heart attack.

Comdr. R. L. Cavendar, 46, of Mason, Mich., who operated an insurance business there prior to entering the Navy in 1942, was found dead in a New York hotel room. He was awaiting assignment, having just returned to duty after recovery from a hip fracture suffered last March when a cargo vessel to which he was assigned was torpedoed in the North Atlantic. Death was attributed to a heart attack.

Warns Against Inept Handling of Plastic Materials

Because today many products cannot be made of metal, the use of plastics has been greatly stimulated, the Factory Mutual "Record" brings out. Some plastics have little or no fire hazards, while others, such as pyroxylin, are extremely dangerous when stored and worked in large quantities in industrial plants. Pyroxylin is known under various trade names, of which celluloid is the oldest and most common. It consists of nitrocellulose and camphor, plus coloring matter, plaster sizings, and fillers. The nitrocellulose is simply a mild form of gun cotton.

Plants using pyroxylin for years know its hazards and have generally provided adequate safeguards, the article states. The danger is that today that plants seeking metal substitutes will use pyroxylin without a clear appreciation of

the precautions needed. A drug plant that formerly used metal jar caps recently began purchasing pyroxylin caps and stored them in cartons in a 2½ ton pile. About four feet away employees were using a torch to cut bolt-heads from a waterpump casing. The acetylene hose blew off, the acetylene caught fire and ignited the storage, producing a fire of great severity. About two million caps were destroyed, drug materials, equipment and labels and caps were damaged by fire and water to an estimated \$200,000. Automatic sprinklers prevented much greater damage.

Friction Causes Bad Fire

In St. Louis four employees of a concern lost their lives when trapped by a fast spreading pyroxylin fire. A man and boy were dragging a burlap bag filled with scrap pyroxylin along the floor. Noticing evidence of heat, they took the bag into the washroom and put water on it. The bag burst into flames and the fire quickly spread to the working area and to racks containing pyroxylin heads. The whole section of the reinforced concrete building where the material was being used was burned out. In a Chicago plant, an electric light bulb in contact with pyroxylin display fixtures in a bin started a fire. Fortunately there was only a small amount of pyroxylin and the fire was quickly brought under control.

Pyroxylin ignites easily and burns with extreme rapidity. When heated without flame, it decomposes, giving off thick gases which are combustible, explosive and poisonous. As the heat of decomposition increases, the material and gases burst into flames, spontaneously. Pyroxylin carries its own oxygen for combustion, so it can't be extinguished by smothering but only by cooling. Water in large amounts is best extinguisher, the article recommends.

Warek Placed in Charge of W. Va. Territory

J. P. Warek, state agent of the Royal-Liverpool group at Hagerstown, Md., has been transferred to Charleston, W. Va., to supervise the southern half of West Virginia, which formerly was handled by Thomas Colihan. Mr. Colihan resigned about a month ago to go with the Sullivan agency at Huntington, W. Va.

Mr. Warek's territory in Hagerstown included the Panhandle counties of Maryland and West Virginia. Before going to Hagerstown about a year ago he was state agent of Royal-Liverpool at Schenectady, N. Y., and prior to that was at the home office. He has been with the group since 1930. Mr. Warek's former field will be supervised for the duration of the war, by State Agent Charles Peksa at Baltimore.

Read "Casualty and Surety" Coverages by W. H. Bates. \$1.50. Order from National Underwriter.

Convention Dates

Sept. 25, West Virginia Agents, Huntington, Pritchard Hotel.

Sept. 29, New Jersey agents, Trenton, Stacey-Trent Hotel.

Oct. 4-6, Ontario agents, Toronto, Royal York Hotel.

Oct. 5-6, Insurance Accountants Association, New York City, Hotel New Yorker.

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NEW OFFICERS ELECTED

President—F. B. Baylor, Lincoln, Neb.

Vice-presidents—F. A. Betts, Los Angeles; F. B. Coleman, Bloomington, Ill.; F. X. Cull, Cleveland.

Secretary—D. I. McAlister, Washington, Pa. (reelected).

Treasurer—R. M. Noll, Marietta, O. (reelected).

New members of executive committee—L. J. Carey, Detroit; K. P. Grubb, Milwaukee; H. W. Nichols, New York City.

With over 300 registered, the International Association of Insurance Counsel held interest at its annual meeting in Chicago last week at a high pitch throughout the three days, covering, to the satisfaction of all, subjects ranging from the consequences of the Southeastern Underwriters Association decision to the future of aircraft accident law and from insurance regulation to proposed changes in court rules. At the end of the crowded program, F. B. Baylor, Lincoln, Neb., was elected president to succeed P. H. Eager, Jr., Jackson, Miss., who received the plaudits of all for his handling of the meeting.

For the first time, the association met in September instead of in June and for the second time in Chicago. The latter change was necessitated, as last year, by the fact that the traditional meeting place at White Sulphur Springs is no longer available. The shift in dates was an experiment to help the travel situation. With the insurance section of the American Bar Association and the International Claim Association meeting in Chicago the following week, many of the members were thus able to go to two or three meetings on one trip. There was some inevitable overlapping of subjects at the meetings, but the experiment undoubtedly was in the interest of many members.

By-Laws Changed

The association also approved a change in the by-laws, giving the executive committee authority to continue membership of attorneys who have assumed other duties with insurance companies or have withdrawn from the active practice of law for any reason. Members on military service have kept their status, but the latest change will permit members who have been promoted in insurance companies, as has happened several times, to retain membership in the association.

Jones Welcomes Group

Paul F. Jones, Danville, Ill., former Illinois insurance director, welcomed the association, saying that the end of the war will intensify, rather than diminish the world's tension and chaos and the trained minds of lawyers will be needed for leadership more than ever. He said that attorneys know the proper balance between individual liberty and public good, with the exception of what he called a "small group" of "legal grenadiers" who have been "suddenly kicked into high place" by political develop-

(CONTINUED ON PAGE 29)

Aviation Forums Popular at Both Legal Meetings

Counsel Group Discusses Aircraft Accident Law and Insurance Changes

Interest in aviation insurance law was manifest by the attendance at forum discussions on this subject during the two leading insurance law meetings in Chicago, the International Association of Insurance Counsel and the insurance section of the American Bar Association. In both cases, the aviation sessions were leaders in attendance and the atmosphere, while lacking the controversies of last year, was one of serious study of the difficult problems posed by an industry suddenly pushed by the war out of swaddling clothes into full stature.

At the International Association of Insurance Counsel meeting, E. S. Gambrell, Atlanta, counsel Eastern Airlines, and chairman of the insurance committee, presided. There were three prepared papers, each followed by an animated discussion. R. M. Chambers, New York, president United States Aviation Underwriters, discussed "What is Insurance Doing for Aviation?"; H. O. Hale, New York, general counsel American Airlines, talked on state, national and international laws on aircraft liability and G. W. Orr, New York, claims director U. S. A. I. G., on the handling of aircraft liability claims.

BUILT WAR INDUSTRY

Mr. Chambers pointed out that the stability which the pioneers of aircraft insurance gave the struggling and highly uncertain aircraft industry made possible the mighty performance of this industry during the war. Without it, these once precarious firms could never have survived, particularly in competition with government-subsidized foreign manufacturers. As a specific example, he told of his experiences with the Grumman Corporation during the late 1920's and early 1930's, when the prototypes of the now highly successful navy planes were designed.

After telling of the present day contributions of the aircraft insurance business to the war effort, such as its work with the Civil Aeronautics Authority training program and the Civil Air Patrol, Mr. Chambers said that the first and continuing effort of the insurance business has been the development of safety in the air. The rigid warranties in the first policies were really safety measures and practically all of them eventually became government requirements for aircraft operations. The aircraft insurance companies were the first to insist on use of the Link Trainer, now standard training equipment. Mr. Chambers also maintained that the pool idea is the only sound one for the development of this new business, with its catastrophe hazard, and defended the placing of reinsurance in foreign carriers, adding that the aviation offices have tried to interest American reinsurers, with little success.

Broadening of Charters

Commenting on Mr. Chambers' talk, F. J. Marryott, Boston, counsel Liberty Mutual, brought out matters of policy coverage and insurance capacity. He pointed out that a number of exclusions in aircraft hull and liability policies are very similar to provisions once generally found in automobile policies and said he hopes they will likewise be removed. On the matter of capacity, Mr.

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Orr Upholds Present Procedure in Aircraft Accident Adjustments

While there is no question as to the desirability of uniform nationwide safety and economic regulation of air transportation, already accomplished in the civil aeronautics act of 1938, that does not mean that the same centralization of control is required or even desirable with respect to liability, George W. Orr, claims director of U. S. Aviation Underwriters, said in his talk at the meeting of the aviation insurance law committee of the International Association of Insurance Counsel in Chicago. Mr. Orr also spoke in Chicago a few days later, discussing "The Aviation Insurance Policy" at the aviation insurance round table of the insurance section of the American Bar Association.

Remedy is the Same

Although aviation requires application of the law to a new field of endeavor, the problems involved are within the law and do not require junking of the protection of judicial procedure in favor of a legislative panacea, he said. Aviation insurance liabilities are the same as other insurance liabilities. The same type of coverages are written. Details of facts constituting the claims are different, but the remedy is the same.

Mr. Orr has been a member of the bar for more than 30 years, half of which he has spent in aviation and in handling aviation claims.

Mr. Orr said the idea has gained currency that courts and law, which have taken other technical developments in stride, are incapable of giving adequate relief, that some special and radical legislation is necessary for aeronautical liabilities. This is not Mr. Orr's experience. The courts have worked our problems of conflict, such as the difficult question of the rights in air space, with consideration and justice to all, and in doing so have preserved the protection of established judicial procedure.

Matter of Rate Structure

Mr. Orr pointed out that his interest in the matter is not prejudiced by his insurance connections because underwriters can and will insure any risk the aviation industry is called on to bear. It is simply a matter of rate structure. To set it apart from other industries would be detrimental, he believes, to aviation.

The only statutory law presently affecting aviation liability is in those 24 states which have adopted a so-called uniform law for aeronautics, most of which include a section imposing liability without fault for injury or damage to innocent third parties on the ground.

Contrary to the general impression, he said, evidence upon which to bring a suit is available in plenty. Operators are required to keep complete record of operations, various public agencies keep records pertaining to the operation. Usually a public hearing is held and always a report is published of serious accidents. In addition, there is no real conflict of law. There is no reason for the liabilities of the airplane to be taken from the jurisdiction of the laws of the state over which it travels. To do so subjects aviation to unfair competition with other forms of transportation, he declared.

Need Uniformity Internationally

In the field of international travel uniformity is greatly needed and the Warsaw convention illustrates the value of such international treaties. About one

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International Claim Association Holds Three-Day Meeting

War Casualties and Disabilities Discussed at Heavily Attended Gathering

NEW OFFICERS ELECTED

President—Fred M. Walters, General Accident.

Vice-president—Victor L. Fox, Colonial Life.

Secretary—Louis L. Graham, Business Men's Assurance.

Treasurer—F. LeRoy Templeman, Maryland Casualty.

Executive Committee—W. Clark Butterfield, National Casualty, chairman; Ralph Heller, Prudential; Walter E. Trout, Penn Mutual Life; J. Doyle DeWitt, Travelers.

This week's three day gathering of the International Claim Association in Chicago was the 35th anniversary meeting of the organization, whose officers have just achieved a long cherished goal—a total of more than 200 member companies. The exact figure is 201, an all time high mark. The sessions were heavily attended, there being a registration of 255. A feature of this year's



FRED M. WALTERS

meeting was the presence of 10 high ranking officers of the army, navy and veterans' administration, several of whom were featured speakers.

An entire day was devoted to seminars on four important subjects. The International Claim Association is a hard working, serious minded organization. At this year's meeting as at all others held in recent years, a great many speakers were heard, numerous important topics discussed.

Claim men of the life and disability writing companies have had their importance and responsibilities increased considerably since war and war factory casualties and disabilities have piled up on a large scale. A whole new set of problems have had to be solved. Even new terms have appeared in connection with war factory claims. Among these are "riveters arm," "factory fatigue," and "shipyard conjunctivitis."

J. Doyle DeWitt, secretary, claims department, Travelers, presided over the

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Pennsylvania Agents Listen to Talk by Commissioner Neel

President Morgan Tells About the Association's Activities

HARRISBURG, PA.—At the annual meeting of the Pennsylvania Association of Insurance Agents, Commissioner Neel reviewed the effect of the U. S. Supreme Court decision holding that insurance is commerce. He said a study of the report adopted by the executive committee of the National Association of Insurance Commissioners would show anyone that the members deal with the future realistically and not the past.

Concert of action on such an issue depends very much on one thing—expression of opinions by their constituents to the Senators and Congressmen. This is where the job becomes very much that of just such associations as the Pennsylvania state body. The issue, he said, is between a great business, one which has been justly termed the cornerstone of all business and New Deal bureaucracy, the desire of which is to regiment first the business of insurance and then all business.

Agents and Rate Adjustments

He said the Pennsylvania agents should know enough about the underwriting results during recent years to realize that rates must be adjusted. The agents knew that such adjustments were made by the companies and were not and could not be ordered by the commissioner. Agents should have known that there had been a very orderly procedure by the companies in the making of rate reductions in various other states where experience in recent years proved that such were warranted and advisable. Rate reductions, he said, were inevitable.

Company Procedure Explained

He asserted that a number of agents have asked why the companies did not broaden the policy contract instead of resorting to rate reduction. Company officials, he said, have broadened the fire and supplemental cover contract just about as far as it is possible until such time as the statutes permit multiple line coverage to an extent not possible at present. Today, he said, the household furniture, fire and supplemental cover policy has been so broadened that need for a personal effects policy has been reduced to a need only for cover against risks not mentioned in the fire and supplemental contract. He said the fire companies have broadened coverage so that loss ratios will increase beyond question of doubt. He said this broadening of cover will not bring loss ratios to the point where companies, agents and the commissioner can justify the situation to the insuring public. The companies are adjusting rates so that their loss ratios will justify their premium income. He said that agents who know all these facts and who think realistically have no trouble in understanding what has happened.

Commissions Earned

Commissioner Neel said there have been many inquiries from agents who claim that a commission once collected is a commission fully earned and that it is unfair and unjust for a company, commissioner or policyholder to expect the agent to return any portion even though a company is fair and willing enough to

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Variations in State Requirements

Insurance Attorneys' Study Finds Some Wide Differences

The report of the committee on regulation of insurance companies of the insurance section of the American Bar Association, of which F. J. Marryott, Boston, counsel Liberty Mutual, is chairman, contains an interesting schedule of the varying state requirements on casualty policies particularly automobile liability coverages, as well as some comments on different requirements for life insurance and variations in license fees.

Because of the uncertainties created by the Southeastern Underwriters Association decision, the committee refrained from making any recommendation, but suggested instead that a new committee be appointed to study proposed federal legislation. The report points out, however, that there have been important developments in retaliatory laws, particularly the action of the Pennsylvania department in denying Ohio companies the right to write workmen's compensation insurance in this state, because the monopolistic state fund of Ohio prohibits all private companies, including Pennsylvania carriers, from writing this line in Ohio. New Jersey, the report points out, amended its retaliatory law to provide that retaliatory provisions as to restrictions on the kind of insurance which a company may write shall not apply if the restrictions in another state or foreign country apply equally to all carriers, regardless of where incorporated.

License Fees Study

A supplement to the report explains that the annual renewal license fee for a stock casualty company varies from \$1 in four states to \$3.50 in Mississippi, with seven states charging \$100 or more and 20 states \$10 or less. The first admission fee also varies from \$5 to \$1,000, Virginia having the latter charge, and annual statement fees vary from \$5 to \$50.

The committee offers a suggestion that a general reduction in license fees might reduce unauthorized insurance by encouraging companies to seek admission in more states, with the final effect a net increase in state revenue. It states that, considering stock and mutual companies only, there are 95 casualty companies, 67 fire companies and 72 life companies licensed in one state only, and 198 casualty companies, 184 fire companies and 208 life companies licensed in not more than 10 states.

Casualty Requirements

Among the variations pointed out in the committee's survey, Pennsylvania prohibits the word "standard" on automobile policies written under the national standard provisions, while West Virginia requires this. Iowa, Pennsylvania and Illinois require that all policies must have a short rate table printed, stamped, pasted or endorsed on them, while no other states have this requirement. Maryland requires that all fire, lightning and windstorm policies must be marked or stamped "authorized to do business in the state of Maryland," followed by the insurance commissioner's signature, which is found in no other state.

Several states vary the time for filing proof of loss from the universal 60 days, and North Carolina requires a special proof of loss endorsement on automobile physical damage policies. Oregon requires that the amount of premium must be shown on the "face" of the policy, although the department has recently construed this to mean anywhere in the policy.

New Hampshire requires that in fil-

Life Agents Oppose Extension of Social Security Benefits

DETROIT—Pending legislation designed to broaden the social security act to include disability and hospitalization benefits is opposed by the members of the National Association of Life Underwriters, according to a survey presented to the N.A.L.U.'s National Council meeting here. The survey indicates that 85% are not in favor of additional benefits being provided if it is to place a tax burden of 6% on employees and employers, 65% believing the present progressive tax should be made operative, while at least 85% feel that legislation providing additional benefits and services should not be enacted after consideration is given to the estimated aggregate 12% payroll tax.

Of the 36% members of the Illinois state association who feel it is the proper function of the federal government to provide additional benefits, 54.5% favored the inclusion of medical service, 56.2% hospitalization, 45.4% temporary disability and 79.6 permanent disability coverage. Only 12% of the National Council members favored extension of benefits and of these, 24.6% wanted medical service; 32.3% hospitalization; 30.7 temporary disability, and 76.9% permanent disability.

National association members, according to the survey, are strongly opposed to increasing the maximum benefits above the present \$85 per month limit. The survey shows that 75% feel that life agents should be covered under the act.

Cincinnati Study Courses Are Arranged

The course in casualty, fidelity and surety conducted by the University of Cincinnati cooperating with Cincinnati Fire Underwriters Association starts Sept. 19. Classes are held downtown in the Carew tower. Subjects treated in the year's course include public liability, workmen's compensation, automobile damage, auto liability, burglary, plate glass, fidelity and surety. Class sessions start at 5 p. m. The course covers two years, the first part being conducted last year. The plan of study follows the National Association of Insurance Agents program.

Discussion leaders conducting the classes this year will be T. J. Kilday, Perkins & Geoghegan agency; A. M. O'Connell, Eureka-Security Agency; E. A. Russell, of T. E. Hanlon general agency; W. P. Fisher, Standard Accident.

ing policy forms the names of states which have previously approved the form must be given, which the committee feels is useless since policy filings are usually made in all states at the same time. Rhode Island also has this requirement and an additional one that there must be an accompanying statement as to whether the forms have been approved in the company's home state, which again the committee feels is useless since the form may be for use only in states other than the home state and the home state may not require approval.

Mississippi requires a special endorsement for automobile medical payments coverage, stating a limit for funeral expenses, which no other state requires. Kansas requires a special endorsement on physical damage policies clarifying the assured's duty to protect the automobile after a loss occurs and requires that the time to make a demand for appraisal be kept to 30 days after receipt of proof of loss instead of 60 days. Vermont and Wisconsin require special statements that the policies are subject to statutory conditions, although the standard provisions themselves provide that they are modified by any related state law.

Look for Simplified Auto Liability Contract by Jan. 1

Committee Is Working on and Overhauling Present Form

NEW YORK—It is anticipated that a new simplified automobile liability contract will be ready by the first of the year. A series of meetings will start soon and it is expected that concrete changes will be made. • Commissioner Sims of West Virginia recently stated that the national standard automobile liability contract should be overhauled and many company men, when approached on the subject, agreed that the policy should be simplified. The idea is not new and has been under consideration for a long time, but now it seems definite steps are going to be taken.

To State Exclusions Only

As Commissioner Sims pointed out, the policy has become cumbersome with endorsement added to endorsement, all worded in very technical language, until the layman is at a loss to know what his policy really covers. It has been suggested that instead of enumerating all the inclusions and coverages provided by the policy, it would be simpler to state the exclusions only. This would cut down the size of the policy and make it easier to understand.

Another point brought out is where the wording of a phrase is too complicated and technical, understandable only to underwriters, precision should be sacrificed to clarity, even though it might involve an occasional unforeseen type of claim. This would create more goodwill on the part of policyholders and would eliminate occasional wrangling over the exact meaning of a technically worded phrase.

Some Advocate Further Changes

Company men feel there will have to be further changes made in automobile policies and rates in the future. When Germany falls and automobiles are once more put on the market, even though in limited number, there will have to be an adjustment of rates. It is anticipated that gasoline rationing will not be wholly lifted until the Japanese war is finished, but the curtailment may not be as severe as it is today. Of course when the much talked-of cars of the future are actually on the road, drastic changes may have to be made in automobile policies but insurance men do not look for these new cars in the very near future.

Ohio Examination Booklets Are Issued

The Ohio insurance department has four booklets containing questions with approved answers for agency qualification examinations. Booklets are sold for 20 cents a copy obtainable from the department at Columbus.

The life examination booklet contains 330 questions and answers and includes a review of various clauses frequently included in life contracts. The accident and health booklet contains 206 questions with answers, with definitions of terms and phrases used in such policies and questions on subjects relating to disability insurance.

Each booklet also contains sections of Ohio insurance laws. Starting Sept. 15, all examinations on fire insurance will be based upon questions and answers in the new manual.

Public Relations Plan Explained by Wallace Rodgers

Objectives Are Set Forth for National Association of Insurance Agents

At the annual meeting of the Pennsylvania Association of Insurance Agents, Wallace Rodgers, executive assistant of the National Association of Insurance Agents, represented that body. Mr. Rodgers also spoke at the Michigan agents meeting. He said that the national organization is engaged in a comprehensive program of public relations which promises to be constructive and far reaching. Funds have been raised, budgeted and thorough going studies have been completed. A very extensive plan has been adopted. The functions and services of individual local agents are described in a pamphlet entitled, "Your Insurance Agent." He is shown to be an independent business man following the system of free enterprise. He represents sound companies, he takes a lively interest in the affairs of the insurance industry. He is much concerned in community activities. He tries to reduce fire hazards and possibilities of accident. His service to his customers is most practical and intelligent.

Disturbed by Present Trends

Mr. Rodgers said that the local agent is disturbed by present economic and social trends and sees some of them as a direct threat to private enterprise. The local agent, he said, stands for old-fashioned American ideals. The speaker said that the National association is anxious for the public and different lines of business to know how local agents are paid and how they earn their commissions. The agent must have the ability to render competent and adequate service to buyers of insurance, he said. There is room for improvement here and there and many agents are getting better prepared to meet their duties and demands. He said the discussions and debates with the companies which sometimes have been vociferous have brought constant improvement. Each side better understands the other. He urged the continuance of this democratic process for refinement and improvement but the discussions, he said, should be confined to the business itself.

Comparison with Retail Groups

In dollar volume of annual sales, Mr. Rodgers said, the agents rank favorably with all other retail groups. The prewar sales of fire and casualty insurance are almost exactly one-third of the annual dollar volume of sales by all retail groceries, exclusive of general stores, estimated at \$6 billion a year.

The net premiums are two-thirds of the estimated prewar sales of all department stores, estimated at \$3.4 billion. They are exactly the same as the prewar sales of filling stations estimated at \$2 billion annually. Annual sales of the agents are 50% in excess of the retail bakeries sales estimated at \$1,300,000,000. The same relationship exists in retail drug stores estimated at \$1,320,000,000. They are double those of retail women's clothing stores estimated at \$1 billion. The dollar volume of sales by retail lumber dealers is \$900 million; hardware merchants, \$500 million; men's furnishing stores, \$700 million; household furniture, \$700 million. The National Association of Insurance Agents is rated

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Stimulated A. & H. Group Sales Create Difficulties

Incentives due to excess profit taxes, cost-plus-fixed-fee contracts and pressure by unions have made the selling of group accident and health, hospital and surgical benefits comparatively easy. Lester Beck, vice-president Pennsylvania Casualty, told the Baltimore Association of Accident & Health Underwriters in presenting a comprehensive review of underwriting difficulties which have arisen.

Employers have found the actual cost of insurance plans considerably reduced through the deduction of their shares of the cost in computing excess profits taxes. Government agencies have generally permitted contractors whose group plans were in effect before signing war contracts to extend the benefits of the plans to employees hired exclusively for work under government contracts so that new employees will receive the same treatment as older ones. Government agencies have been cautious, however, in approving the contractor's share of the cost of such plans as an allowable item of cost under the contract, where the plan is adopted after government contracts have been signed, inasmuch as the propriety of allowing such cost has not been clearly determined.

Union Practices Criticized

Because of wage controls, unions have been active in seeking insurance benefits for their members and have gone so far as to appoint special consultants on group insurance problems, although Mr. Beck said their services have been of doubtful value. The consultants have not only attempted successfully to dictate with whom the coverage should be placed, but at times have split the life and casualty coverages between two companies for their own personal reasons, he charged. Rather than being paid a fee by the union consultants have demanded a substantial share of the commissions, even though another agent or broker may have developed the case.

High claim frequency has resulted on group cases as the draft has taken money of physically fit men which has resulted in the lowering of physical and other standards in employing help.

Increase in Females

There has also been an increasing percentage of female lives included in groups which produces both a higher disability and higher claim rate. Improved economic conditions in families where both husband and wife work makes it less necessary for them to stay on the job regularly. Concern about the children at home and the maintenance of the home after working hours also has an adverse effect.

There has been a high labor turnover in plants located near camps employing women who are following their husbands in training. As the husbands are transferred the women go to other centers. The usual rate loadings for females in groups contemplates that most of them will be single whereas the large proportion of the increase in female employees is through the employment of married women whose morbidity rate is higher. These newcomers to industry often are not conditioned to steady work and the long hours required, hence fatigue makes them more quickly susceptible to illnesses or complaints which may not be of occupational origin or compensable under workmen's compensation laws.

At present there is a greater proportion of employees over 38 and even over 60 than ever before, many being handicapped persons who normally would not have been employed in this type of activity. As a result, many companies have reverted to the practice of terminating insurance at age 70.

Working and living conditions have contributed greatly to claim frequency,

Mr. Beck pointed out. Longer working hours and excessive amount of overtime have increased the fatigue factors and lowered the efficiency and responsiveness of employees. Inadequate living and recreational facilities, lack of medical and dental services, and off-balanced diets contribute to the higher loss ratio rate.

Malingering Encouraged

Malingering has been encouraged by employers who keep employees on their payrolls rather than release them when they are not currently needed so that they will be on hand when their services are in demand. Drives against absenteeism where excuses will be allowed only in case of illness have promoted excessive prevarication by employees who for various reasons desire time off from work. Longer hours and overtime served to aggravate this situation.

To improve experience underwriters have been changing the waiting period for benefits to eight days under health and accident coverage and extending the probation period of new employees to three months, sometimes requiring the same waiting period for initially insured employees. Benefits are being adjusted so that amounts do not exceed 50% of the earnings on a 40 hour week basis or 55% of the base pay of the lowest wage in each classification or \$25 regardless of wages for the rank and file of employees. Additional precautions are a waiting period of nine months for maternity benefits, increasing the loading factors on premium rates to take care of variances in the character and makeup of present employee groups from that obtaining in normal times.

Eye Conversion Hazards

Underwriters are refusing risks where difficulties of conversion to peacetime production are great, where the future of the business is questionable and where such risks have a minimum of 50 lives. Employer aid is asked in selling group plans to employees with both sharing the cost. At least one company requires that, subject to a maximum of 25% of the total premium, the employer pay at least all of the premiums in excess of that produced by male manual rate for accident, sickness and hospitalization, Mr. Beck said. Further employer cooperation is sought by urging the maintenance of an infirmary or first-aid station where treatment may be given for either sickness occurring while at work or for occupational injury.

Other Precautions Taken

Underwriters also are making it a practice under accident and health coverage to treat successive periods of disability separated by less than two weeks of active full time work as one period of disability.

Using experience rating helps to promote intelligent and sympathetic cooperation between employers and employees. Prompt filing of claims is encouraged as this system is apt to cost less if properly handled, resulting in better relations with the insured. Efforts are made to clarify the status of insurance for workmen who are laid off or on leaves of absence.

There is a trend towards limiting the weekly benefits to 13 weeks in anticipation of the conversion from war to peace-time activity. Mr. Beck says there will probably be extensive layoffs and the least employable persons will probably not be taken back. This will result in an abnormally large number of claims for maximum benefits. There is also the possibility of the discontinuance of plans which have been installed in view of high excess profits taxes when reconversion takes place. It is probable that plans will be canceled or altered

Effect of Claims Act of 1940 on Surety's Position

The assignment of claims act of 1940 was the subject of discussion by two speakers in Chicago the past week, Allen Wight, Dallas attorney, who appeared before the fidelity and surety round table of the insurance section of the American Bar Association, and E. Kemp Cathcart, assistant director of claims of Maryland Casualty, who spoke before the International Association of Insurance Counsel. The act has not destroyed the former preferred position of the surety, it is Mr. Wight's belief. Mr. Cathcart expressed the opinion that the purpose of the legislation was to put banks, trust companies and other financing institutions in a preferred position by recognizing and validating the assignments they take.

Mr. Wight noticed the disposition of administrative officials to "follow the law and to ignore equity," and he emphasized that the surety's position is essentially equitable, no matter how many assignments it may take.

Assignments Are Equitable

Broadly speaking, he said, such assignments, being commercial, contingent and for purposes of security only, are themselves only equitable assignments, merely recognizing and evidencing the surety's equities as subrogee to the rights of owner, the rights of the contractor, and the rights of the claimants paid.

Mr. Cathcart said there is no obligation on banks, trust companies, or financing institutions to safeguard the disbursement of the funds loaned by the financing institution and secured by the assignment. Such assignments will even take precedence over any claim by the United States against the contractor which arises independently of the contract under which such money becomes due, he said. Therefore, this is indeed extremely favorable legislation for the financing institution.

Not Dependent on Contractor

This would be serious for the surety if it was dependent upon the contractor for its security, but the surety in its claim to such moneys is not dependent on the contractor, because its right stems from the United States and the laborers and materialmen, Mr. Cathcart added. He suggested that until such moneys are actually paid by the United States to the contractor, or his assignee upon default of the contractor, the U. S. is entitled to use the moneys to fulfill the contract, and consequently the surety, by reason of its right of subrogation, is likewise entitled to such funds.

The act's requirement that the financing institution give written notice to the surety is of the utmost importance to the surety to enable it to protect its position should it learn of acts by the contractor constituting a default under the contract before such contractor is actually declared in default by the United States.

It was not the intention of the legislation to change the position or rights of the surety, but to safeguard them, he stated.

materially to reduce costs, such as having a larger share of the cost passed on to the employees.

It is possible that these unfavorable factors may be offset by an unusually quick return to pre-war employment and working conditions and by the continuation of the improved health and safety programs which have been installed during the wartime.

Mr. Beck urged intelligent planning to combat movements for socialization of accident and health and hospitalization insurance. The need of flexibility which can best and perhaps only be afforded through private insurance carriers should be stressed.

Safety Congress to Have Its Sessions Streamlined

The 1944 National Safety Congress, to be held in Chicago Oct. 3-5, will be streamlined to do a wartime job under wartime conditions, the National Safety Council announces.

The congress program this year will be packed into three mid-week days and nights. It will be given over to discussion of ways to prevent accidents which delay complete victory, and accident problems which loom as formidable post-war threats. Theme of the congress will be "Dedicated to Victory."

Among safety problems to be considered are: The post-war traffic jam, finding safe and suitable jobs for wounded veterans, training and retraining able-bodied war veterans for their post-war jobs, providing built-in safety for post-war homes and safety education for the people who live in them, reduction of the farm accident toll that hinders production of food for freedom during and after the war, halting the rising child accident toll, especially among "war job orphans."

Congress sessions will be held at the Sherman, Morrison and La Salle hotels.

Casualty Cases in Tax Court

WASHINGTON—The tax court has announced decisions in cases of Postal Mutual Indemnity and Houston Chronicle Publishing Company against the internal revenue commissioner.

In the first case, Postal Mutual, operating under Texas law permitting it to write all types of insurance except life, had health and accident insurance as a substantial part of its business. It claimed exemption from income taxes under section 101 (11), revenue acts of 1936 and 1938 and internal revenue code.

The court held "casualty insurance" does not include "health and accident insurance" within the meaning of that section; that the company is not exempt, and that the construction given by regulation to the section is reasonable.

In the Houston "Chronicle" case, the tax court held refunds of premiums on workmen's compensation policies received during 1938 and 1939 represented ordinary income and not "dividends," under section 26 (B) revenue act of 1938.

Few Litigated A. & H. Cases Arising from War

V. J. Skutt, vice-president and general counsel of United Benefit Life, in discussing decisions of unusual interest in the accident and health group field before the International Claim Association called attention to the comparatively few litigated cases arising from the war. This dearth is apparently attributable to the infrequency of such claims and the liberal attitude of the companies generally when they have occurred, he said.

In the group case of Murphy vs. Chrysler Corporation, decided by the Michigan supreme court, he said, a group life policy provided indemnity for sickness and accident. The certificate provided that insurance terminated when the member ceased to be an employee of Chrysler Corporation and that the insurance automatically terminated when employee failed to make the required premium contribution, except if absent on account of sickness, injury, temporary lay off, etc. Insured was ordered by his draft board to report for examination and on March 21 he stopped work. Three days later he surrendered his employee's badge and was paid in full until March 21, the company deducting daily premiums up to that date. On March 25 insured died and defendant denied liability on the ground that insured's employment was terminated. The court upheld this view.

No Insurance Problems Involved in Reconversion Program of Government

WASHINGTON—No new insurance problems are expected by government insurance specialists to arise in connection with that part of the postwar reconversion program concerned with operation or disposition of government-owned war plants.

Officials point out that war plants could be sold by the government or leased to manufacturers. The Defense Plant Corporation procedure has been that when a plant lease is terminated, insurance is dropped, according to RFC insurance officials, except for O. L. & T.

Sale of war plants might be made under a conditional contract involving, possibly, rental and installment payments on purchase price. This would be equivalent to leasing, and the disposition of RFC insurance specialists, it is believed, would be to require insurance of plant and equipment, as under Defense Plant or Smaller War Plants Corporation lease.

Option to Purchase

Private operators holding options on some of the facilities generally have 90 days following the end of war work in which they may take them over under agreements worked out with the government. Such options do not extend to government aluminum, magnesium and rubber plants, an official spokesman said, and considerable delay might occur, it is believed, in arranging for lease, and more particularly sale, of these properties. Some of them are located in places more or less remote from centers of population, production or consumption, such as far western, mountain and southern states, where these plants provide nearly all the jobs.

Engineer corps officials indicate its real estate branch will try to sell or lease buildings, land and equipment owned by the War Department and no longer needed. Some of this property in the nature of war plants are already being dismantled. In the case of those to be maintained, or even if leased to private persons, officials said, the department will "carry its own insurance," in accordance with the general government departmental policy with respect to real property it owns.

New Type Safety Meetings

A new type of safety meeting has been started by Associated Indemnity, which now plans to conduct similar meetings nation-wide among various types of risks.

The first meeting was held in Odessa, Tex., for the oil industry. Eleven oil drilling contractors, their superintendents and other key men attended. While the company arranged the meeting and provided the dinner, the master of ceremonies was one of the drilling superintendents. The discussion was of the open forum type, with questions and general discussions on safe practices. These discussions brought in other phases of the industry and their relation to and effect on safety activities.

Meetings held so far have brought together the men of one industry, with similar production and operations problems, and stimulated a general exchange of ideas and methods employed. Those attending compared notes and received constructive ideas and criticisms, without the company dominating the meeting or the discussions.

One Sentence Advertisements

On the theory that the public should know more about insurance and what it does, both directly and indirectly as a vital business in peace and war, American Surety and New York Casualty have instituted a weekly series of one-sentence advertisements in five New York newspapers under the general heading "What Does Insurance Do?" G. F. Ainslie, Jr., production manager, is in charge.

Carrier Pigeons Being Brought Into Play

A few agents are using carrier pigeons because of a lack of office boys and clerks to dispatch messages. This plan originated at Southgate, Cal., where Carl Jacobson, manager of an automobile parts store, saved his business from disaster and developed a novel and efficient service. Unable to obtain telephones because of wartime priority tangles, he bought a flock of pigeons. They have been winging their way back and forth between the store and his customers, carrying orders in small metal message cylinders attached to their legs. A few agents have tried out the plan and it seems to work.

Travelers Starts Fall School for Agents

Embarking on its 41st year, the Travelers home office school for agents this month has two classes in session, one devoted to casualty and surety lines and the other to life, accident and group forms.

The casualty and surety school, conducted by John H. Egloff with the assistance of H. D. Sherwood, C. E. Blake and L. V. Irvine, began Sept. 11 and will continue through Oct. 14.

The life, accident and group class will begin Sept. 18 and will continue through Oct. 14, the instructors being J. E. McNeal, Reid Hartzig and M. F. Jones.

Estimate of Postwar Construction

WASHINGTON—Nearly \$25 billions will be spent for repair and maintenance of existing construction during the first six postwar years, about half of it on improvements to public utility systems and highways, with \$4 billion being spent in the first 12 months after the war, according to Russell G. Creviston, chairman of the Producers Council post-war committee.

The estimate includes average annual expenditures as follows: Public utilities' improvements \$1.5 billions during five post war years; repairs to farm buildings \$725 millions, exceeding new farm construction averaging about \$585 millions; maintenance and repair of dwellings other than farm, \$1.1 billions, compared to new residential construction of \$6.5 billions; repairs to industrial and commercial properties and public buildings \$600 millions, and to public works over \$1 billion, of which \$860 millions will be for repair and maintenance of highways.

Several Congressional Bills

WASHINGTON—Bills introduced in Congress recently include the following: By Rep. Bulwinkle, to authorize the Weather Bureau to investigate internal structure of thunder storms, with a view to promoting safety in aviation. Cited in the measure are plane crashes in storms in Virginia, Kentucky and Florida due to downdrafts, also lack of knowledge of Civil Aeronautics Board of thunderstorm turbulence.

By Rep. Brumbaugh, to create a veterans Industrial Reinsurance Corporation to issue industrial policies covering disabled veteran employees. The corporation would have \$10 million government capital and would be administered by the veterans administration. It could issue to insurance companies reinsurance policies with respect to group life, workmen's compensation and other industrial insurance written by them.

Moves to New Home

The treasurer's department of the Continental Casualty and Continental Assurance of Chicago is now located in new 14th floor offices of the Continental Companies building, 310 South Michigan avenue, Chicago.

Big Plane Contract to Boom Coverage

NEW YORK—Announcement that four major airlines have ordered an aggregate of 108 transport planes, each of 44 to 55 passenger capacity, will greatly increase the insurance coverage, as the planes contracted for this week add up to about \$50 million in purchase price. All airlines carry complete compensation and liability coverage, nearly all carry full coverage against fire and other ground perils and a majority of lines carry crash insurance, though crash self-insurers are among the largest lines.

It is believed the high values of the new equipment, \$385,000 for the DC-48 and \$565,000 for the DC-68, plus the probability that a greater proportion of the lines' assets will be represented by equipment will increase the extent to which lines will carry crash insurance.

If the purchase is to be made as a result of financing by banks or other outside interests it is likely the lenders will insist on new equipment being insured against crash as well as other hazards. This had already occurred in the past.

Ample Insurance Facilities

Despite the \$565,000 price of the Douglas DC-6 plane, there is ample capacity in the aviation underwriting groups to take care of these values. Prototype models have been insured for more than twice this amount and the first Boeing Clippers were insured for about \$750,000 each against crash and other perils.

If there is a greater tendency toward insuring the crash hazard it is almost axiomatic that the airlines will benefit through reduced rates because of spreading the risk and the reduced necessity for charging rates that will take into account the danger of adverse selection.

Income Tax Factor

The federal income tax is a factor in influencing the air lines toward insuring the crash hazard rather than carrying the risk themselves.

Losses can be deducted for tax purposes but only for the period during which the loss occurs. Insurance is the only means of spreading the loss cost evenly over an extended period.

Fight Continues Against Use of Term "Government"

A number of insurance commissioners are determined to put an end to the use of term "Government" in the title of agencies representing private insurers, especially in the life and accident and health field. In the states in which such agencies have been operating, the commissioners receive numerous inquiries from the public. The inquirers are confused. They think the agency is some sort of a federal enterprise and they seek to find out precisely its status. It is likely that this question will come up at forthcoming zone meetings of commissioners and then be tackled by the A. & H. committee at the December meeting in New York.

Daniel B. Wood, retired resident vice-president in Minneapolis for the Fidelity & Deposit and American Bonding, died there. He had been in ill health for several months. One of the F. & D.'s oldest field men in point of service, he had served continuously in the Minneapolis territory since 1907, when he became manager of the branch there. Following the closing of the office in 1920, Mr. Wood, with Thomas Ridgeway, formed the firm of Ridgeway, Wood & Co., later Wood-Nelson Co., to represent F&D as general agents. In 1925, Mr. Wood severed his connection with that company to become manager of the F. & D.'s reopened Minneapolis branch and served in that capacity until 1937, when he was appointed resident vice-president.

ACCIDENT AND HEALTH

Group Disability Plan for National Organization

The National Chiropractic Association has set up a group disability insurance plan, written in Continental Casualty, covering accident and sickness. This is said to be the first such group plan worked out by an association on a national basis, even in the professional field where state and local group plans of this nature are familiar.

The coverage is greatly simplified and many technicalities have been eliminated. A monthly indemnity for every total disability is provided, beginning the eighth day for a period up to 24 months, 12 months at the full rate and an additional 12 months at one-half the full-rate, the same benefits payable for sickness and accident. There are three plans, one on the basis of a \$200 monthly indemnity, a second on the basis of \$150, and a third \$100.

Covers Accidental Injury

There is no restriction as to pre-existing sickness or condition. The plan is available to all members of the association up to age 70. The policy covers accidental injury and not accidental means and pays if claimant cannot perform duties of his profession. Being on a group basis, the coverage as to the individual is of course non-cancellable and guaranteed renewable as long as the group contract is in effect, and there is no reduction in benefits or increase in premium at older ages.

C. M. Verbiest & Associates, special group representatives of Continental Casualty in Detroit, arranged the coverage and successfully concluded the enrollment campaign.

Nelson Is B.M.A. Minnesota Manager

Business Men's Assurance has appointed Herbert Nelson manager of its Minnesota branch office. He has been with Travelers, serving nine years as field assistant and the past four years as assistant manager of its Minneapolis branch office.

Now Legislative Chairman

He is a life-long resident of Minnesota and a graduate of the University of Minnesota, and has been active in association affairs. He is now chairman of the legislative committee of the Minnesota Life Underwriters Association and served on the public relations and speakers committees of the Minneapolis association. He was president of the Twin Cities Accident & Health Club in 1943 and member of the legislative committee of the National Association of Accident & Health Underwriters. He has spoken before many life and accident and health association groups.

The new Minnesota branch office is located at 800 Northwestern Bank building, Minneapolis.

Turner Joins Continental Casualty Texas Office

R. L. Turner, an income protection specialist has been named superintendent of the accident-health-hospitalization department of Continental Casualty Texas service office at Dallas. Mr. Turner is a native of Virginia. Earlier in his career he worked for newspapers, edited a Texas paper of his own, and conducted a printing and publishing business in Houston for a while. In 1937 he established an agency of his own at Atlanta, representing Continental Casualty. Two years later he was made an agency supervisor, and since

has traveled throughout the south for Continental's disability division.

Alport Speaks to K. C. Group

The Kansas City Accident & Health Association at its first fall luncheon meeting heard David B. Alport, assistant secretary in charge of underwriting of Business Men's Assurance, speak on "The Cooperation Between the Home Office Underwriter and the Field Representative." He brought out the importance of getting the proper answers to questions in completing applications to enable the home office to give better service in getting policies issued.

Plan Ohio Convention

The Ohio Association of Accident & Health Underwriters is planning to hold its annual convention late in November or early in December, either in Columbus or Cincinnati.

Dr. Stephens to Speak in Okla.

Among plans discussed at a combined meeting of the executive and the pro-

gram committees of the Oklahoma Accident & Health Association was a sales congress to be held later in the fall. A meeting is scheduled for Sept. 27 with Dr. Waldo Stephens of Oklahoma City as speaker. He is an executive of the Ray Stephens Oil Company and previously was professor of foreign relations at Columbia University. He will talk on "Accident and Health Insurance from the Buyers Viewpoint."

Would Increase Capital

Beneficial Standard Life of Los Angeles has applied in California for permission to increase paid in capital stock from \$250,000 to \$300,000 which would entitle it to apply for a license in Michigan. The company would under the proposed plan increase the par value of its 15,352 shares of preferred stock from \$14.50 to \$18 a share. The company, formerly Beneficial Casualty, recently was converted into a life company writing accident and health and life coverage.

McCarthy with Continental

J. E. McCarthy, formerly with Minnesota Mutual Life and North American

Life & Casualty, at St. Paul has gone with the Continental Assurance and Continental Casualty there as general agent.

Sommer Speaks in Seattle

SEATTLE—Armand Sommer, past president National Association of Accident & Health Underwriters, addressed the Seattle Accident & Health Managers Club. He is assistant to the vice-president and manager of the intermediate division of Continental Casualty.

CHANGES

Hughes McCoy Returns to New Amsterdam Branch

Hughes McCoy, who since April has been associated with a Bloomington, Ill., local agency in which he had an interest, has severed his connection and returned to the New Amsterdam Casualty at Chicago where he will assist H. N. Douglass, resident manager in production and underwriting in office and field.

Mr. McCoy previously was associated with Mr. Hurd in the branch for a

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Flight Protection for All Who Fly

Continental's broad new Commercial Aviation Accident policy covers all who fly throughout the Western Hemisphere . . . sold individually or on a group basis to transport airline passengers and personnel as well as to persons who fly in private airworthy planes. Accident death benefits are available in units of \$1,000 to \$200,000 limit on any one life. Medical reimbursement up to \$5,000 and indemnity up to \$1,000 weekly for disability are features included. Investigate this new premium horizon today.



Six Outstanding Continental Features

1. Rates are standard up to \$200,000 principal sum . . . no increase over \$10,000. Special group rates.
2. Same low rates for flying in U. S., Canada and Alaska apply throughout Western Hemisphere, including the West Indies.
3. Two classes of passengers include all.
4. Two classes of pilots and instructors.
5. Parachute jumps to save life covered.
6. Disappearance and exposure to elements covered after 1 year.

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AVIATION ACCIDENT DIVISION

CONTINENTAL CASUALTY COMPANY

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number of years, being state agent in central Illinois operating out of Peoria. At one time he was connected with an Omaha local agency, then was in the Nebraska and Colorado field as special agent for National Surety for several years.

Seacat Joins Wichita Office

H. J. Seacat, for four years with the claim department of Central Surety at Kansas City, has joined Sheffer-Cunningham, Wichita adjusting firm. Formerly he was claim examiner for Pennsylvania

Casualty at Baltimore and previously spent 10 years in Oklahoma City with a firm of attorneys and adjusters.

Rieke Resigns Highway Post

E. H. Rieke, agency manager of Highway Mutual Casualty, Chicago, has resigned and soon will announce other plans. He has had 25 years' insurance experience, starting with a Rockford, Ill., local agency, then being casualty underwriter of the Allied agency, Chicago and later agency manager and chief underwriter for Kurt Hitke & Co., Chi-

cago agency, before joining Highway Mutual.

Faught Sent to Dallas

Elmer Faught, who formerly was special agent at Dallas for Trinity Universal, has been transferred to Houston to work with William Toldan.

McCarthy Named in St. Paul

J. E. McCarthy, formerly with Minnesota Mutual Life and North American Life & Casualty, has been appointed general agent in St. Paul for Continental Assurance and Continental Casualty, with offices at 1010 Pioneer building.

R. T. Gravenstine, Jr., who left the Western Adjustment at Milwaukee to join the field force of American Casualty, was connected with the latter company only for a few days.

COMPANIES

Bituminous Casualty Examination Report Issued

Report of an examination that was conducted by Illinois and North Carolina of Bituminous Casualty has been released. As of Dec. 31, 1943, assets were \$12,060,601, capital \$1 million and surplus \$1,488,613. The examiners point out that in the four years since Bituminous was last examined capital has been increased from \$500,000 to \$1 million. The company is operated under a management contract held by H. H. Cleveland, general manager. About 85% of the assets consisted of bank deposits and government bonds. The examiners state that Bituminous has been consistent in its equitable treatment of policyholders and prompt payment of policy obligations.

Net premiums written in 1943 totaled \$8,231,867, of which \$7,571,754 was workmen's compensation and \$501,871 liability other than auto. The net losses paid totaled \$3,545,249. The percent of losses incurred to premiums earned was 52.57, loss adjustment expenses 9.18, underwriting expenses 33.74, investment expenses 6.22.

Virginia Mutual Examined

The Virginia department is engaged in a periodical examination of the Virginia Auto Mutual of Richmond, Va., of which O. L. Shewmake, a former member of the Virginia state corporation commission, is president. The company

specializes in writing automobile liability and property damage coverage only in Virginia.

Hoosier Casualty Expands

Hoosier Casualty of Indianapolis has changed its charter to include the writing of general liability insurance. Heretofore it has written accident and health, hospitalization and full coverage automobile.

ASSOCIATIONS

So. Cal. Association Meets

LOS ANGELES—The Casualty Insurance Association of Southern California at a meeting discussed policies and a committee report on 1943 casualty business. Another committee was named by President George Rowley whose chairman is G. F. Houghton, assistant Pacific Coast manager Hartford Accident, to analyze the report and prepare a final report to be rendered at the next meeting.

N. J. Association Gathers

The Casualty Underwriters Association of New Jersey at a luncheon meeting in Newark discussed the report of the compensation and agency license law committees. The next meeting will be held Oct. 9.

Congressman Vorys Speaks

Congressman John M. Vorys addressed the Casualty & Surety Field Club of Ohio at a meeting in Columbus Monday, telling of the U. S. Supreme Court decision in the S.E.U.A. case and the effect legislation pending in Congress would have if enacted.

Elect at Los Angeles Sept. 18

LOS ANGELES—Casualty & Surety Fieldmen's Association of Southern California will open its fall season on Sept. 18, and will elect new officers.

The Casualty Adjusters Association of Seattle resumed its luncheon meeting. The Casualty Insurance Association of Washington will meet in Seattle.

SURETY

Shanahan Bros. Low Bidders

LOS ANGELES—Shanahan Bros. were low bidders on additional magazines to be constructed at the Fall Brook, Cal., naval ammunition depot, with a bid of \$1,191,582. Maryland Casualty's branch office here will execute the bond when and if the contract is awarded.

N. Y. Surety Men to Elect

NEW YORK—J. B. Duke, New Amsterdam Casualty, was appointed chairman of a nominating committee at the first fall meeting of the New York Surety Underwriters Association. A slate will be prepared for the Oct. 5 meeting, to be followed by an election in November.

Anchor to Write Surety

The Anchor Casualty of Minneapolis has broadened its charter so that it can write fidelity and surety in addition to its regular lines.

R. L. Crossley, who in April became seriously ill shortly after taking over new duties as assistant casualty manager of the Loyalty group branch office in Detroit, has recovered his health and is back on the job. He formerly was secretary of the Surety Association of Michigan while associated with National Surety in Detroit.

E. P. Harris, Catlettsburg, Ky., attorney, chairman workmen's compensation board, has been appointed to the Kentucky court of appeals bench by Governor Willis.

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In certain selected territories throughout the United States, we have openings for good, wide-awake agents.

Our extensive Branch Office Service Organization helps agents produce business. Competent Claim, Engineering and Payroll Audit Service helps agents retain business.

For full information as to territory available in your vicinity, write to Vice President in charge of Agency & Production Department,

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Insurance Counsel Cover Broad Field in Crowded Meeting

(CONTINUED FROM PAGE 23)

ments. R. G. Rowe, Chicago, Lumbermen's Mutual Casualty, introduced him. In responding, W. R. Manier, Jr., Nashville, urged the lawyers to reassert their old place as leaders in their communities. He pointed out that his service as head of civilian defense in Tennessee had shown him countless examples of the same people who rave at Washington bureaucracy declining to initiate any needed action, but expecting all the impetus to come from Washington, and said that local communities, led by attorneys, must assert their independence if they do not want authoritarian rule.

In his presidential report, Mr. Eager reminded the members that he was first elected to the executive committee Sept. 1, 1939, so that his official tenure seems well tied to the war in Europe. The executive committee, he reported, held three meetings since the June, 1943, meeting in Chicago. Following the resignation of R. B. Montgomery, New Orleans, as secretary, the executive committee decided that Secretary D. I. McAlister, Washington, Pa., and Treasurer Robert M. Noll, Marietta, O., should use their own office staffs for their official duties and the money formerly allowed for an assistant secretary should be allocated to these two officers to pay their employees for this work.

Two Vice-Presidents in Navy

There are 111 members of the association in the armed services, Mr. Eager reported, including two of the three vice-presidents, L. P. Hemry, Boston, and Lon Hocker, Jr., St. Louis, both of whom entered the navy as lieutenants since the 1943 meeting.

The president's reception followed the Thursday session and later in the evening there was a "Monte Carlo" evening, with war bonds as prizes, arranged by L. J. Carey, Michigan Mutual Liability, Detroit, chairman entertainment committee.

The Friday session opened with the report of the executive committee, given by Willis Smith, Raleigh, N. C., past president, the secretary and treasurer and G. W. Yancey, Birmingham, editor of the association's journal. The association is in excellent financial condition and membership increased during the year from 1242 to 1285, of whom 112 are in the armed forces.

Comprehensive Liability Discussion

M. A. Albert, Baltimore, attorney New Amsterdam Casualty, described the history of comprehensive liability insurance and described the present provisions of the standard comprehensive automobile, general, combined and personal liability policies. F. X. Cull, Cleveland, chairman casualty committee, introduced him. Mr. Albert's talk was followed by a lively discussion of many aspects of this protection.

Friday afternoon featured three forums, all of which drew large crowds and much interest. E. S. Gambrell, Atlanta, presided over the one on aviation insurance law, H. W. Nichols, New York, on fidelity and surety and W. E. Benoy, Columbus, on practice and procedure.

The dinner, Friday night, preceded by a social hour and the annual "Humble Humbugs" party, featured no speeches and some well received entertainment. Over 350 persons jammed the dining room.

Bar President on Saturday

Saturday morning Judge Floyd E. Thompson, Chicago, spoke on "War-Made Duties and Responsibilities of the Bar" and J. W. Henderson, president American Bar Association, discussed a proposed international policy for peace, followed by election of officers.

International Claim Association Holds Three Day Meeting

(CONTINUED FROM PAGE 23)

general business sessions. In his opening address, President DeWitt reviewed the early history of the organization, saying that at the turn of the century there were very few full fledged claim managers. Instead, the work was handled on the part time basis. When the organization of the I.C.A. was first proposed, there were some who opposed it, contending that claims came as an aftermath of underwriting mistakes. There was, however, no serious or concerted opposition, and so in September, 1910, the initial meeting was held in Atlantic City. Mr. DeWitt contrasted the claim paying practices of those days to the situation which prevails now.

Cooperation with Government

Mr. DeWitt told of the manner in which the members of the International Claim Association had cooperated with the government in paying claims on service men. He referred to the abbreviated attending physician's statement, which has been worked out by joint committees of the Health & Accident Underwriters Conference, Bureau of Personal Health & Accident Underwriters, and the American Medical Association. A streamlined attending physician's statement for life company death claims will also be evolved. Mr. DeWitt said that the public does not like complicated forms, and anything that is condensed, easy to read, and expressed in plain English is much more favorably received.

Mr. DeWitt said that claims are liable to increase after the war ends, because there will be postwar carelessness, a relaxing of morals, unemployment on a large scale, fraud and malinger. These always develop after every big war, Mr. DeWitt said, because during the conduct of a war the emphasis is on destruction and not the constructive side of life.

Hostetler on Rehabilitation

The featured speaker at the initial session was Cassius E. Hostetler, chief of the vocational rehabilitation and education division of the veterans' administration facility at Hines, Ill. Mr. Hostetler discussed "Vocational Rehabilitation, Education and Training Program of the United States Veteran Bureau." He explained that the veterans' administration was established immediately following the end of World War I, has been in continuous operation ever since, and has accumulated valuable experience. It functions through 53 regional offices. Mr. Hostetler said that briefly the purpose of vocational rehabilitation is to restore employability. Adequate training of disabled veterans is given, and then those who have received the training are placed in industry based upon their aptitudes and abilities. Some who have become handicapped physically show a better record as employees than those who are normal. That is, their record of absenteeism and labor turnover is lower, and their productivity is higher. Everyone should encourage disabled veterans to apply for pensions and take the training, Mr. Hostetler said, which is really human engineering that produces a better understanding on the part of those who are administering the act.

Mr. Hostetler said that the vocational rehabilitation law provides for a basic pension income of \$80 a month, plus 15% now to meet the increased cost of living, for single men during training and for two months after employability has been determined. Married veterans will receive a basic pension of \$90 a month, plus \$5 a month for each dependent child and \$10 a month for each dependent parent.

"We have found that the best place for training returned servicemen is in

BITUMINOUS CASUALTY CORPORATION

ROCK ISLAND ILLINOIS

FINANCIAL STATEMENT

June 30, 1944

ASSETS

BONDS (Amortized Values):	
United States Government.....	\$9,066,880.95*
Political Subdivisions of States.....	63,892.72
Railroad.....	75,998.03
Industrial.....	27,900.83
TOTAL BONDS	\$ 9,234,672.53**
STOCKS (Market Values):	
Preferred—Railroad, Public Utility, Industrial and Miscellaneous.....	\$ 281,717.26
Common—Public Utility and Industrial.....	382,987.50
TOTAL STOCKS	664,704.76
Investment in Bituminous Fire and Marine Insurance Company.....	350,000.00
Cash.....	1,241,877.15
Premiums in Course of Collection less than 90 days due.....	752,131.99
Accrued Interest on Bonds.....	31,247.75
Other Assets.....	3,904.90
TOTAL ADMITTED ASSETS	\$12,278,539.08

LIABILITIES

Reserve for Claims.....	\$ 6,496,955.27
Reserve for Unearned Premiums:	
100% Advance Deposits (Guarantee for Payment of Interim Earned Premiums).....	\$1,610,971.25
Unearned Portion of Annual Payment Basis Premiums.....	919,603.03
TOTAL UNEARNED PREMIUMS	2,530,574.28
Reserve for Unpaid Dividends.....	60,251.91
Reserve for Taxes and Reinsurance.....	219,974.74
Reserve for Commissions and Other Expenses.....	507,183.98
Other Liabilities.....	8,287.48
Reserve for Fluctuation in Market Value of Securities Owned (Excess of Market Value over Book Value of Stocks Owned).....	
TOTAL LIABILITIES	\$ 9,899,702.43
Capital.....	\$1,000,000.00
Surplus.....	1,000,000.00
Voluntary Contingency Reserve.....	378,836.65
SURPLUS AS REGARDS POLICYHOLDERS	2,378,836.65
TOTAL LIABILITIES, CAPITAL AND SURPLUS	\$12,278,539.08

*United States Government Bonds carried at \$372,402.89 in the above statement are deposited as required by law.

**Market Value of bonds \$142,983.57 in excess of above amortized value. United States Government Bonds and Cash represent more than 83% of the Total Admitted Assets.

BITUMINOUS FIRE AND MARINE INSURANCE COMPANY

ROCK ISLAND, ILLINOIS

FINANCIAL STATEMENT

June 30, 1944

ASSETS

United States Government Bonds (Amortized Values).....	\$340,108.83*
Cash.....	17,582.48
Agents' Balances not over 90 days due.....	12,415.00
Accrued Interest on Bonds.....	1,032.29
TOTAL ADMITTED ASSETS	\$371,138.60

LIABILITIES

Reserve for Claims.....	\$ 1,363.67
Reserve for Unearned Premiums.....	11,789.09
Reserve for Taxes and Other Expenses.....	3,347.62
Other Liabilities.....	3,904.90
TOTAL LIABILITIES	\$ 20,405.28
Capital.....	\$200,000.00
Surplus.....	100,000.00
Voluntary Contingency Reserve.....	50,733.32
SURPLUS AS REGARDS POLICYHOLDERS	350,733.32
TOTAL LIABILITIES, CAPITAL AND SURPLUS	\$371,138.60

*United States Government Bonds carried at \$240,108.83 in the above statement are deposited as required by law.

**Market value of bonds \$2,008.82 less than above amortized value.

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Dependable Insurance Service

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Aggressive Selling Assistance

A multiple-line stock casualty company which offers financial strength—prompt claim service—up-to-the-minute sales and advertising aids—standard policies. It will pay you to investigate The Buckeye Union, an aggressive company for aggressive agents. Writing Automobile, Plate Glass, Burglary and Public Liability.

A Stock
Company

The
Buckeye Union
Casualty Co.
HOME OFFICE
Columbus, Ohio

Territory in
Ohio and
Indiana

the apprenticeship training programs of industrial shops," Hostetler said.

Treasurer F. L. Templeman reported that the I.C.A. is on a sound financial basis. Incidentally, Mr. Templeman who is manager of the accident and health department of the Maryland Casualty, has been treasurer since the first meeting of the organization in 1910.

At the three seminar sessions held on the second day, the procedure was to have a member of the legal committee report on recent court decisions. W. N. Hutchison was chairman of the life and double indemnity seminar, with which was combined the one on industrial. The legal report was by R. J. Wetterlund. Ralph T. Heller was chairman of the disability seminar with the legal report by Eugene M. Thore. The accident, health and group seminar was presided over by Robert K. Metcalfe, and the legal report was given by V. J. Skutt. The president's reception and annual dinner followed the seminars.

War Casualties Discussed

At the final session reports were submitted by chairmen of 11 committees, there was a general discussion of the seminars held on the previous day, officers were elected and three speakers heard. The subject of the three who spoke was "War Casualties and Claims," and the talks were all by members of the armed forces and the veterans' administration, they being: Major General Jay L. Benedict, U.S.A., president of the war department dependency board; Commander Albert C. Jacobs, U.S.N.R., director dependents welfare division, navy department, and Horace L. McCoy, director of insurance, veterans' administration.

General Motors Experience

Andrew Court of the labor economics section of General Motors Corporation presented experience on sick, claim and medical expense.

The rate of reported sickness at the Bristol plant, 1941 through 1943, was 60% higher than at the Meriden plant, he said, although the two plants were only a few miles apart and have the same general type of operations. The significant difference is the fact that at Bristol, the plant with a high claim rate, the basic General Motors indemnity plan which pays \$2 a calendar day starting with the 8th day is supplemented by a mutual association plan which pays \$1 a day more, retroactive for the first week.

When time lost for sickness is compensated in full, compared with no indemnity, fully paid men had three or four times as many short term sicknesses and about the same number of longer duration, he said.

Effect of Waiting Period

Another study showed that there were almost four times as many sick claims for disabilities lasting from eight to 13 days in the case of persons paid after the third day as there were among persons who drew benefits only after a week of compensated sickness, he said.

A spreading fear of militant class conflict and the growing feeling on the part of many that they have no personal responsibility for their own economic security will not simplify the administration of health and medical indemnity plans, Mr. Court asserted.

He presented figures showing that many short term disabilities as ordinarily reported among industrial workers result from a very particular kind of sickness that afflicts younger persons on the day after payday or just before or after a holiday, or at the opening of the hunting season. He said also that one study shows that General Motors wage earners with surgical indemnification have a much higher rate of reported illness in those diagnoses where surgery is optional than do persons not indemnified against surgical expense.

Ohio Assigned Risk Meeting

The Ohio assigned risk plan will hold its annual meeting Sept. 22 in Columbus. A report will be made as to the

Parking Is Post War Problem No. 1 in Traffic Field

Conservation Bureau Samples Views of Experts on Improving Traffic Flow

The foremost post-war traffic problem will be a major headache, a consensus of a survey by the National Conservation Bureau indicates.

To determine what principal traffic problems must be solved so as to expedite safe and efficient motor vehicle and pedestrian flow after the war, a questionnaire listing 10 traffic problems was sent to a representative list of motor-vehicle and transportation experts. The experts were requested to check, in order of preference, the three traffic headaches they considered most important.

Many Returns Received

Returns were received from 77 cities, 48 states, 25 insurance companies, 20 federal and national organizations, 13 transit companies, and 62 other traffic engineers and officials. Replies revealed that the following problems were considered most urgent:

1. Parking; 2. Pedestrian control and safety; 3. Redesign of streets and highways; 4. Channelization of motor vehicle traffic; 5. Control of speed; 6. Improvement and installation of new traffic control equipment, such as, signals, signs and marking; 7. Solution of left-turn problems; 8. Street and highway lighting; 9. Transportation of war plant workers; 10. Public transit facilities.

City engineers found the parking problem of greatest importance, with pedestrian control and traffic channelization second and third, while state engineers listed redesign of streets and highways first, channelization of traffic second, and signs, signals and markings third.

Pedestrians Most Important

Both city and state police considered pedestrians most important. City police considered parking second while state police considered speed second. Speed took third place in the opinions of the city police and redesign was third with the state police.

Transit company engineers selected public transit facilities, pedestrians, and parking as their three most important items, while the national and federal officials placed parking first, redesign second, and the pedestrian problem third.

Safe and smooth traffic will depend largely on the work of the members of the Institute of Traffic Engineers and who specialize in "That phase of traffic engineering which deals with the planning and geometric design of streets, highways, and abutting lands, and with the traffic operation thereon; as their use is related to the safe, convenient, and economic transportation of persons and goods."

The questionnaire reveals that these experts are planning to do all in their power to avoid return to the inadequate traffic facilities and hazardous conditions which were so prevalent in many areas in the past.

number of risks assigned the past year. A new member of the governing board will be named to take the place of Herbert F. Green, State Automobile, who died a few weeks ago.

Lawyers' Aviation Forums Make Hits

(CONTINUED FROM PAGE 23)

Marryott said the various reports seem to establish that more American reinsurance capacity is needed. This could be accomplished, he said, by general adoption of the proposal before the committee of the National Association of Insurance Commissioners that companies of all classes be allowed to accept reinsurance on all lines except life. This would eliminate the need of any government pool.

H. W. Raymond, Chicago, assistant general counsel Lumberman's Mutual Casualty, pointed out the growth of the aircraft industry and said that the return of 3,500 planes to civilian owners is just the start of the big problem before insurance.

Asked whether the British reinsurers of American aviation lines have paid any losses, Mr. Chambers said emphatically yes, but the government investigators have overlooked this.

LIABILITY LAWS

In a brilliant and comprehensive review of the subject, Mr. Hale pointed out that there is no universal rule of liability for all carriers, as to the three phases of liability: to passengers and goods carried, to other persons and goods (on the ground, in case of air transport) and to vehicles in collision. Railroads and other carriers subject to the Interstate Commerce Commission are by federal law of 1906 insurers of property carried by them, but otherwise there is no uniform legislation.

Aircraft liability is divided into two compartments, Mr. Hale said, international flights and those within the country, and almost an opposite situation prevails with each. On international flights, the Warsaw convention of 1929

was adopted by the United States in 1934 and is in force generally except in Portugal, Argentina, Cuba and the west coast of South America. It applies to personal injury to passengers and loss of cargo. The burden of proof of freedom from blame is on the carrier and liability to passengers is limited to about \$8,300, unless the carrier is proved guilty of wilful misconduct. Liability for goods is limited to about \$8 per pound, unless a higher value is declared and paid for.

The Rome convention, referring to liability to persons and property on the ground, has not been adopted by the United States and has never gone into effect anywhere, needing one more adoption for this.

National Flights

On flights within the country, the law of the state in which the accident occurs prevails. The law of negligence applies and 34 states have no death limit. Those which have, usually place it at \$10,000. For persons and property on the ground, the uniform aeronautic law, adopted by most states, makes the air carriers absolutely liable. On air collisions, only Maryland has adopted the more liberal maritime law, the others applying the law of negligence.

Several conflicting federal principles of law have been proposed in the United States, Mr. Hale said, following the Sweeney report and that of the Air Transport Association. The O'Hara bill, now before Congress, replaces the liability features of the old Lea-Bailey bill. It would put the burden of proof of freedom from negligence on the carriers, with a limit of \$10,000 for death and \$50,000 for injury. The same principle would apply to loss of baggage, with a limit of \$50, unless an additional fee is paid.

British Situation

Mr. Hale also pointed out that in England international aviation liability agreements by statute automatically apply to domestic flights as well.

Following Mr. Hale, W. P. McDonald, Memphis, said that he had originally been a strong advocate of state's rights in aviation law, but that he feels this is no longer practical. With modern planes, a person need spend no more than 70 minutes in one state on a transcontinental flight and hence federal legislation is the only answer. He pointed out that the American Bar Association had been urging uniform state laws since 1922, but in 1941 reversed itself and endorsed federal legislation.

BAR RAPS LEA BILLS

The American Bar Association's aviation insurance law committee, of which Mr. McDonald is chairman, reported continued disapproval of H.R. 1992 or any similar legislation. This bill, subsequently replaced by H.R. 1012 and H.R. 3020, all three sponsored by Congressman Lea of California, authorizes the civil aeronautics board to consult with and make recommendations to state regulatory agencies regarding insurance and reinsurance; to report to Congress on the adequacy and reasonableness of such insurance, and to report to Congress on the advisability and cost of the government writing reinsurance.

The committee went on record again as opposing any proposed legislation that would place the government in competition with private enterprise in any manner whatsoever. It expressed the belief that the insurance provisions in H.R. 3020 and H.R. 3491 do not belong in the aviation bill and should be stricken. H.R. 3491, introduced by Rep. Reece of Tennessee, contains provisions similar to those in H.R. 3020.

The two O'Hara bills, H. R. 1961 and H. R. 5020, the committee recommends, should not be approved or disapproved now, but the incoming committee should study the bills and submit recommendations at the next annual meeting of the committee.

Bar Studies Warsaw Pact and Coverages

Another large crowd turned out for the aviation insurance forum of the insurance section of the American Bar Association, at which a number of points raised the previous week were discussed further. Mr. McDonald, who had been a commentator at the counsel group's session, presided. The session was featured by an interesting and well-delivered talk on the Warsaw convention by A. W. Knauth, New York, associate editor "U. S. Aviation Reports," who took part in a number of international meetings on aircraft law. His talk dovetailed well with Mr. Hale's presentation before the International Association of Insurance Counsel. Other speakers at this session were Ralph Damon, New York, vice-president American Air Lines, on "Post-War Aviation Horizons" and Mr. Orr, who discussed the aircraft insurance policy.

Against Overseas Monopoly

Pointing out that we are about to enter a new era in long range air transport, Mr. Damon opposed the "chosen instrument" policy of foreign passenger flying and urged that all lines be given an opportunity in overseas traffic. He advocated the broad prin-

ciples that government subsidies should be used in international air transport only if necessary and only to keep planes in the air, not to keep the planes of another country or another air line out of the air. No domestic-operating American line, he said, now needs a subsidy.

Commenting on Mr. Damon's talk, R. M. Caverly, New York, vice-president Fidelity & Casualty and counsel Associated Aviation Underwriters, pointed out that the growth of aviation will create new problems for insurance men and lawyers and that most of these problems cannot be foreseen now. He also said, that, despite their apparent slowness, American insurance companies have actually been more active in insuring aircraft during the pioneering period than they were toward automobiles during the early part of this century.

How Warsaw Rule Applies

After describing the history of the Warsaw convention and pointing out its wide geographical spread on a map, Mr. Knauth discussed several cases illustrating its application. For example, following the crash last year of a Pan-American plane at Lisbon, American



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courts applied the Warsaw limit of \$8,300 (125,000 gold francs of 1928) to a death claim, even though Portugal has not ratified the convention, because the passengers were eventually destined for other countries which are signatories. A flight beginning and ending in subscribing countries is under the convention. Also, a flight beginning and ending in the same country, with an agreed stop in another country, such as from Chicago to Seattle via Edmonton, Canada, is under the rule. British and American courts have held that a flight from a signatory country to a non-signatory is under the convention, if the passenger has a round trip ticket, but not if he has a one-way ticket.

The few cases which have gotten to juries show that very high verdicts are to be expected where the Warsaw limit does not apply, so extension of the convention is most important to air lines and insurers. Mr. Knauth pointed out that the failure of even small countries to ratify it has badly complicated the situation.

Exceptions to Rule

Mr. Knauth answered a number of questions on various points and discussed several cases, including the crash of the British plane "Cavalier" en route to Bermuda, in which the limit was not applied because it was established that the pilot knew that the carburetors were not working properly prior to the flight. He said that it is not clear just what American and British courts will decide constitutes conduct which will take the accident from under the limit. The Warsaw convention uses the French word "dol," from the Roman law term "dolus," which some translators show as "wilful negligence," but this is not certain. The "Cavalier" case was settled out of court. He also said that when the Zeppelin "Hindenburg" burned at Lakehurst, N. J., the German Luftpool had insured passenger liability with a limit of the Warsaw convention figure (20,000

marks), but with an alternative of straight accident coverage of 30,000 marks for passengers who would accept this and waive any suit. The result was that possible difficult questions over whether the limit might be broken were avoided. Mr. Knauth said other lines and their insurers might well consider this procedure.

J. R. Peterson, Chicago, counsel Continental Casualty, acted as discussion leader while Mr. Knauth answered a number of questions.

After Mr. Orr had described the present aircraft policies, Lieut. (p.g.) Ambrose B. Kelly, formerly secretary American Mutual Reinsurance, now in the navy contract termination section at Washington, the discussion leader, said that, from the viewpoint of the future aviation mass market, he fears that the aircraft liability policies are falling into the same errors as the earlier automobile liability contracts. The present restrictions in aircraft policies practically deny liability if the pilot violates any safety rules, while the automobile policies cover the assured regardless of his mistakes or violations. Lieut. Kelly also urged the aircraft insurance business to consider insuring the pilot rather than the plane, as many automobile insurance men wish had been done years ago, and said that now is the time for the best minds in the business to plan carefully effective wording and broad coverages. Mr. Orr agreed that policies for private aircraft should be broadened as rapidly as possible, but pointed out that originally the insurance warranties were in advance of the law and pioneered in establishing standards of flying safety.

In a discussion of loss ratios, it was brought out that the aircraft public liability experience, exclusive of passenger liability, has been very favorable, though exposed to catastrophe losses. There was an animated discussion of the credibility of present aircraft insurance statistics, because of the relatively small aggregate, and considerable dis-

cussion of the outcome should private aircraft, under government pressure to keep the industry active, expand to 500,000. Lieut. Kelly said that any material expansion would undoubtedly be accompanied by compulsory insurance aid government pressure to lower rates. He also raised the question of whether a more general participation in aircraft insurance than now exists would not be in the public interest.

A number of prominent aviation figures attended, including Webb Shadle, Washington, counsel Civil Aeronautics Board, who was on the program last year.

Orr Describes Aircraft Liability Claim Problems

(CONTINUED FROM PAGE 23)

out of three of U. S. Aviation Underwriters' serious claims consists of international claims. Unfortunately, he said, the Warsaw convention applies to only a few countries in this hemisphere, the U. S., Mexico, Brazil and European dependencies, so that a large share of international claims are subject to a conflict of different systems of law. Some tough legal questions arise. Some countries give only a right of action to their nationals, leaving the right of aliens to the law of their residence.

The servicing of aviation claims, particularly those on air transport, requires more cohesion in control than most other classes of claims, he said, since the airplane travels greater distances and carries passengers to the four corners of the earth.

One curious attitude of some claimants is interesting, Mr. Orr said. For some reason they get the idea that if a person is killed or injured by an airplane the damages should be greater than if injured by an automobile, perhaps because the airplane is considered in the luxury class. There is no basis in law for the distinction.

F. A. Betts, Los Angeles, followed up Mr. Orr's talk with comment on several interesting airline cases he has handled. He pointed out that getting witnesses is one of the most difficult problems, with crashes often occurring in isolated spots. Even with minor claims, airline passengers scatter all over the world and often cannot be reached unless the pilot or stewardess is alert to line up witnesses on the spot.

Public Relations Plan Explained by Wallace Rodgers

(CONTINUED FROM PAGE 25)

among the nine largest trade associations as to membership, staff and number of local affiliated associations.

With regard to public relations, he said that it consists of two parts. First, that of a basic attitude and, second, the execution of the various tasks necessary to the carrying out of a program. The public relations program of the National association, he said, is a long range proposition. Immediate problems will be concentrated on at first. The plan contemplates the use of advertising in national magazines, news and publicity stories in newspapers, magazines and trade publications, booklets, pamphlets and other appropriate material. It embraces plans for good relations with trade associations. It intends to make full use of the priceless medium of publicity in public relations which is peculiar to insurance that is the talking medium.

Field men are being supplied with copies of the National association material so that they can have full particulars. Mr. Rodgers said for the first time the National Association of Insurance Agents is discovering some other businesses that are becoming alarmed over what insurance has been concerned

with for years, viz., the tax subsidy of co-operative or mutual competitors of private taxpaying businesses.

Getting Into Politics

Great opportunity in public relations for insurance is to use individually its numerical and political strength in every legitimate manner, first, to protect insurance itself and, second, in the interest of these who buy from the agents. Politics, Mr. Rodgers said, has reached out and surrounded all business so that all industry is now willingly or unwillingly in politics. The agent, he said, will utilize in the interest of his customers existing contacts with legislators. In addition he will give substantially of his time, energy and money to help secure the election of representatives who understand and are friendly toward legitimate interests of business and employers. He said the insurance agents can perhaps do more to preserve the American system by their contacts and experiences with government than can any other group. He said through the public relations program agents can earn the everlasting gratitude of those who believe in the American system. They can make it the greatest loss prevention program of all time.

Opportunity at Hand

In connection with the forthcoming election, he said, there will be 435 Congressmen to elect and more than 3,000 state legislators. There will be 40 members of the U. S. Senate. There are some 7,000 candidates. The individual agent, because of the nature of his work and his outside contacts because of his identity and interest with other business men has a tremendous opportunity to take sound, individual action. He should support and work for those political candidates regardless of party whose performance and pledges

(CONTINUED ON PAGE 36)

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

St. Paul Exchange Changes Name; Merrill President

ST. PAUL—The Insurance Exchange of St. Paul has changed its name to Insurance Agents Association of St. Paul. The action was taken at the annual meeting with only one vote in opposition.

J. Vick Merrill, Thomsson-Clapp-Merrill agency, was elected president; Walter I. Cox, St. Paul Insurance Agency, vice-president; H. S. Matteson, Cathcart & Maxfield, reelected secretary-treasurer. Members of the executive committee are L. D. Engberg, Engberg agency; Roy A. Mitchell, South St. Paul; Henry L. Orme, Kinney Co., and Leo A. Ritt, Midway National agency.

James Anderson, chairman of the educational committee, announced that it was planned to resume the N.A.I.A. educational course this fall and winter. The association now has 80 active members.

Detroit Agents Sponsor Wayne U. Courses

DETROIT—Two 16-week insurance courses open to students and active insurance people will be given at Wayne University this fall and winter under auspices of the Detroit Association of Insurance Agents, of which H. T. Stock, Stock agency, is educational committee chairman.

Each Wednesday starting Sept. 20 Mr. Stock will instruct a class in fire and transportation insurance and each Friday starting Sept. 22 Harold Reinhold, assistant manager U. S. F. & G., will instruct a class in casualty, fidelity and surety. The courses will prepare students for license examinations, will help toward C.P.C.U. examinations and provide credits for an A.B. degree. Later special C.P.C.U. courses will be offered if enough are interested.

View Des Moines School Cover

DES MOINES—The insurance committee of the Des Moines board of education was requested to report on proposals for insurance covering the next three-year period.

Surety bonds will be required of persons renting school buildings and stadiums in amount of \$5,000 penalty for one person and \$100,000 for any one accident. Committee members whose terms expire Nov. 1 and who were reappointed for three years are R. M. Evans, B. C. Hopkins and Nelse Hansen, local agents.

Sioux City Women Elect

Mrs. Dorothy Rank of the McManus-Greene agency has been elected president of the Sioux City Ia., Insurance Women's Association. Emma Jacobson of the Peters-Guiney agency is first vice-president and membership chairman. Dorothy Fennell of the Wooldridge agency is second vice-president and program secretary. Gladys Harmon of the Iowa Insurance Service Bureau is secretary. Lucille Gillette of the Paul Howe agency is treasurer.

Membership Drive Gets Results

The membership campaign of the Kansas Association of Insurance Agents is meeting with excellent results, according to Secretary Evan H. Browne, Jr., of Kansas City. Mr. Browne mailed the August "News Letter" of the association to a list of 780 Kansas agents who were not members, with an editorial and invitation for them to join. Within a week there had been 58 re-

sponses, of which 35 are active prospects for membership.

Take New Quarters at St. Louis

Washington Mutual Fire and Mutual Insurers, Inc., have moved to new quarters, 218 North Fourth street, St. Louis. They occupy ground floor space. Open house will be held the afternoon of Sept. 15. The offices were formerly in the Pierce Building. Bruce S. Stake is secretary of Mutual Insurers and also secretary of Washington Mutual.

Hail Situation Is Reviewed

MINNEAPOLIS—Companies writing hail in Minnesota are winding up a profitable year there. Corn coverage expires Sept. 15, only soybeans remain and the acreage is not extensive enough to cause any one company a heavy loss in case there should be a late hail storm. Experience in South Dakota also has been generally favorable but in North Dakota and Montana losses have been severe.

Wichita Committees Selected

President Dorth Coombs of the Wichita Association of Insurance Agents has appointed committees which he announced at a meeting this week. The chairmen are: Publicity, Byron Chapell; membership, H. A. Stutsman; educational and program, Dwight Smith; insurance, John Kelly; public safety, Roy Benjamin; civic, J. L. Rader; convention, Byron Chapell; fire prevention, Ross Little; grievance, A. E. Smoll.

Springfield, Ill., Agents Elect

The Springfield Association of Insurance Agents has elected Russell R. Sprouse president, succeeding Newton C. McVay. Other officers are Frank W. Aurelius, vice-president; J. Oliver Orr, secretary-treasurer, and executive board, Caspar H. Brown, L. E. Head, Alvin S. Keys, Cecil I. Thomas, and R. L. Weller. Members of the advisory committee include Alex R. Connolly, John C. Lanphier 3d, and R. W. Troxell.

Baum Agency Marks 50th Year

Assistant Manager C. L. Zook, State Agent J. F. Borg and Special Agent E. A. Dobbins of National Fire acted as hosts at a dinner party given in honor of the William B. Baum & Son agency of Saginaw, Mich., in observance of the agency's 50th anniversary. William B. Baum, founder was guest of honor. Among others present were Mr. and Mrs. William S. Baum and Mrs. Burt C. Baum.

Cox to Address School

At the four-day fire school of the Kansas State Firemen's Association in Wichita Sept. 25-28, there will be a special section for industrial plant protection in which Emmett T. Cox, Western Actuarial Bureau will speak. The Kansas State Fire Prevention Association is conducting a prize contest among fire departments for suggestions for Fire Prevention Week.

Van Vechten Toledo Speaker

J. F. Van Vechten, Akron, president Ohio Association of Insurance Agents, spoke at a meeting of the Toledo association Tuesday.

Range Group Hears Knudsen

William Knudsen, chairman of the executive committee of the Minnesota Association of Insurance Agents, explained the new financial setup of the

state association at a meeting of the Range Underwriters Association at Virginia.

Garrett to New K. C. Location

Garrett, Inc., general agents at Kansas City, announce the opening of new ground floor offices at 1006 Baltimore avenue. T. W. Garrett, Jr., is president and Walter C. Chestnut vice-president. The firm formerly was located in the City National Bank building.

SWIS Committee to Meet

The evaluation committee of Kansas SWIS will meet at Wichita Sept. 26 with Chairman R. H. Priest, presiding. Emmet Cox, Western Actuarial Bureau, and Maj. C. A. Picken, industrial protection officer of the sixth service command, Chicago, will attend.

Report 85% Pass "Exams"

ST. PAUL—The insurance department announces that 85% of the papers turned in at the mass examination of agents here Aug. 25 received passing marks. Of the 978 papers on various subjects turned in by 271 agents, 828 passed, 150 failed.

Wichita Puddle Activities

The Blue Goose auxiliary of Sunflower puddle held a luncheon-bridge meeting at Wichita in the home of Mrs. R. B. Latham, president. The puddle will meet Sept. 18.

NEWS BRIEFS

The Lincoln (Neb.) Association of Insurance Agents resumed its regular meetings Monday with President Carl Dvoracek presiding.

The Harris, Burns & Co. Agency of Wichita has elected E. C. Moore vice-president. He is a broker and has been with the agency for about 20 years.

Leslie Avis has joined the Dulaney, Johnston & Priest Agency, Wichita, in the fire insurance department.

The Cox & Spitzer Agency, brokers, has been formed at Columbus with G. M. Cox, for the last four years supervisor Ohio bureau of unemployment compensation, as president, and D. D. Spitzer, vice-president. Mr. Spitzer has

been in the insurance business there for 35 years.

The W. F. Renz Co. agency, Toledo, has been purchased by the Irvin L. Lerman agency of that city. Another consolidation there is the West Toledo Insurance Agency, which has been acquired by the Knepper Willits Agency.

Mayor Roy Steele, of Seville, O., who began his second term Jan. 1, announced his resignation as of Oct. 1 to engage in insurance at Wadsworth, O.

The half interest of Walter Lavelly in the Lavelly Brothers agency of Corning, Ia., has been purchased by Ralph Readhead. Walter Lavelly has been in ill health. George Lavelly will continue the partnership in the agency. Readhead formerly was associated with a bank at Corning.

Roy O. Tate, formerly of the Des Moines postoffice, of Des Moines has joined State Farm Mutual of Bloomington, Ill., to work out of the Des Moines agency.

C. S. George, Grinnell, Ia., has sold his agency to Fred Ramsey.

D. F. Haines, Grinnell, Ia., local agent, is much less active due to ill health.

The J. C. Talbott Agency of Columbus, has absorbed the H. C. Sandridge Agency. The E. O. Davies Agency merged with the Talbott agency in June.

The Springfield (Mo.) Fire Underwriters Association has changed its name to the Springfield Fire, Casualty & Surety Underwriters Association by amending its constitution and by-laws.

Minneapolis F. & M. will sponsor the program at the first fall meeting Oct. 9 of the Insurance Club of Minneapolis when Dr. A. C. Potter will speak on "Preventive Medicine."

Howard Williams of Mankato, newly-elected president of the Minnesota Association of Insurance Agents, spoke at a meeting in Owatonna of the Southern Minnesota Agents Regional Association.

Edward H. Holloran, Hartford Fire, will speak on "Fraudulent Claims" Sept. 18 at a meeting of the Minneapolis Insurance Women's Association.

At the Battle Creek (Mich.) Insurance Women's League meeting R. E. Farrer, special agent Home of New York, was the speaker.

The Sioux Falls, S. D., Association of Insurance Women will start the season with a meeting, Sept. 20.

IN THE SOUTHERN STATES

Educational Meeting Is Held at Charlotte

CHARLOTTE, N. C.—L. P. McCord of Jacksonville, Fla., chairman education committee of the National Association of Insurance Agents, and G. W. Scott, director of its educational division, held a conference here last week with the education committee of the North Carolina Association of Insurance Agents, the North Carolina Association of Insurance Women and the South Carolina Association of Insurance Agents. W. E. Dellinger, Jr., of Charlotte, North Carolina chairman, presided. Mr. Scott outlined the educational course to promote the further training of agents so that they can be more service giving. Mr. McCord emphasized the value of more insurance knowledge.

The Charlotte Insurance Women entertained the two guests at dinner at which Mr. Scott gave a talk. Mrs. Anne Carey, president North Carolina Insurance Women, brought greetings as did Mrs. Lola Pugh, president of the Greensboro women. In Charlotte nine agents have completed the course and organized an alumni club. Mr. Del-

linger, Jr., was elected president and Mrs. W. H. White, secretary.

Study groups are now being conducted in Greensboro, Raleigh and Wilmington. It is stated that another study group will be started in Charlotte this fall, also in Asheville.

Prepare for Dallas Courses

The Dallas Insurance Agents Association again will sponsor the C. P. C. U. courses, continuing with the class that last year completed the first and second year's work, and also starting a new class devoted to first year work. The Insurance Women of Dallas again will sponsor classes which will complete the three subjects of the National association educational work remaining. The accident and health course will be conducted by H. A. Savage, the Aetna Casualty, Dallas, and aviation insurance by Miss Alma Daigle, acting manager Associated Aviation Underwriters.

Consider Revised Agreement

Texas Casualty Commissioner Gibbs held a meeting in his office at Austin Wednesday at which insurance service agreement on the war projects insurance rating plan was considered. The chief question debated was the matter

of adopting the revised agreement whereby the adviser's fee is determined by applying the application percentages to 50% of the standard premium instead of 90% of the standard premium on operation contracts, irrespective of premium sizes, provided that it produces at least \$5,000 in premium annually.

To Honor West at Richmond

The Richmond, Va., Insurance Exchange, of which W. F. Curtis is president, will sponsor a testimonial dinner Sept. 22 to Oscar H. West, former manager of the exchange and of the Virginia Association of Insurance Agents, who recently was named manager of the National Association at Washington, D. C. Members have been invited to attend. A gift will be presented to Mr. West. A committee headed by Mr. Curtis is looking for a successor as manager.

Robertson Partner in Agency

Giles Robertson has been admitted to the Claiborne, Goodridge & Goddin local agency of Richmond, Va., as a

partner. For the last 13 years he has been safety engineer and assistant personnel director of the Virginia state highway department. He previously was claims manager at Richmond for Liberty Mutual.

H. C. Clift Joins Jack Clift

H. C. Clift, who has been with H. C. Seitz, Oklahoma City, adjuster for nine years, resigned to join the office force of Jack Clift at Big Springs, Tex. H. C. Clift will service fire and allied claims in west Texas and the eastern part of New Mexico.

Va. Mutual Agents Elect

ROANOKE, VA.—Oscar G. Evans of Danville was reelected president of the Mutual Insurance Agents Association of Virginia and the District of Columbia at the organization's annual meeting here.

Hebert Agency Burned Out

OPELOUSAS, LA.—The building housing the Hebert Agency, USO, draft board, agricultural offices and Abdalla

Co. store rooms was destroyed by fire with a loss of \$50,000.

T. L. Cockrell now is associated with the Baker-Moore Agency of Richmond,

Va., representing Aetna Life affiliated companies and Westchester.

DeJarnette & Paul, Richmond, Va., local agency, has moved to 726 East Main street on the street floor.

EASTERN STATES ACTIVITIES

All Syracuse Insurance People Joined in a Day's Recreation

SYRACUSE, N. Y. — The largest general gathering of the entire insurance industry in this city was held Sept. 11 when several hundred gathered for an outing and clam bake at Hinerwald's Grove, several miles north of the city.

Congressman C. E. Hancock of Syracuse was the main speaker. He is known as an ardent advocate of state's rights in the regulation of the insurance business, and champion of the bill in Congress which provides that the insurance business shall not be subject to the federal anti-trust laws.

Other guests of honor were R. E. Dieneen, New York superintendent of insurance, and W. F. Martineau, deputy superintendent of insurance, both of whom are residents of Syracuse.

The outing and clam bake was sponsored jointly by all the major insurance groups of Syracuse consisting of the Life Underwriters' Association of Syracuse; the Syracuse Field Club; Syracuse Underwriters' Exchange; Casualty & Surety Club of Syracuse, and the Syracuse Claim Association.

Father of the idea for this insurance gathering was W. E. Day, Day & Munro insurance agency, former president of the Syracuse Underwriters' Exchange.

Invited to the outing was every man in Syracuse engaged in some form of the insurance business. It was an unmistakable manifestation of a spirit of unity in the insurance industry.

Commissioner Neel Addresses Insurance Women of Harrisburg

Insurance Commissioner Neel of Pennsylvania, in addressing the insurance women of Harrisburg, said that many women have stepped into jobs in insurance which had previously been considered those for men only. He thinks that this shortage of manpower will open a new and vast future for insurance during and after the postwar period. Agencies and companies, he said, may find it more desirable to have most of the returning men get into the production end of the business. He spoke of the important service rendered by women and said their capacity and usefulness have been greatly enhanced during the war period.

Mr. Neel referred to the states rights plan of insurance supervision. He said that the question facing the people in the November election is one not of party. The Democratic party still holds the solid south because that party inherited the allegiance of that part of the country which thought so strongly on the subject of states rights. He said that today it is the Republican party that espouses the rights of the states. The federal government, he said, now controls a payroll of approximately 200,000 people in Pennsylvania which is twice as many as the total employed by the state, the towns, townships, counties and cities of Pennsylvania. Mr. Neel said that those elected to office must preserve a type of government that encourages individual efforts free from any form of bureaucratic regimentation. As he put it, "We must have a government unbossed by men who deal in economic abuse."

Mills Joins N. J. Department

S. D. Mills, formerly vice-president of Mills & Honness, Philadelphia agents,

has joined the New Jersey insurance department as assistant chief rater in charge of fire rates. He graduated at Cornell, entered the insurance business in the middle west prior to the world war, obtaining considerable experience in casualty insurance before entering the army. Following his retirement from service he went into the agency business in New York City and became secretary of the Mills & Honness agency. It was incorporated in 1925. P. J. Moinar was recently appointed assistant chief rater in charge of casualty rates. The rating department has its office in the Trenton Trust building.

Sigler Opens Adjusting Office

George F. Sigler, formerly manager of the Fire Companies Adjustment Bureau at Paterson, N. J., has established his own office at 5 Colt street, Paterson, as an appraiser and adjuster for assured. He is well known in northern New Jersey.

Bay State Club to Meet

BOSTON—The Bay State Club of Boston will open its season Sept. 13, with a dinner at which J. H. Nicholson, special agent of the F. B. I., will speak.

Passaic Agents Annual Meeting

The annual meeting of the Passaic County (N.J.) Association of Insurance Agents will be held in Passaic Sept. 14. H. E. Munx is chairman of the nominating committee.

Monmouth County Agents Elect

The Monmouth County (N.J.) Association of insurance agents will hold a dinner meeting at Asbury Park Sept. 14, at which officers will be elected. The New Jersey Field Club has been invited to attend.

New Wilmington Agency

S. T. Pippin of the Pippin Agency at Wilmington, Del., and D. B. Kinnamon, formerly with J. A. Montgomery, Inc. of Wilmington, have formed the Pippin & Kinnamon Agency there with headquarters in 310 Equitable building. Mr. Pippin was in the field for American of Newark for six years before entering the local agency business. Mr. Kinnamon attended the casualty insurance school of Aetna Casualty.

Philadelphia Agents Meet

The Philadelphia Insurance Agents & Brokers Association met Monday for a discussion of the new rates and rules that are effective in the Middle Department field. Paul M. Fell, manager Philadelphia division of the Middle Department Rating Association, presided. He was assisted in the panel by C. W. Johnson, assistant secretary North America; L. M. Michael, assistant secretary Fire Association; J. P. Flaherty, manager Franklin Fire, and Reed Millikin, Middle Department Rating Association.

Massachusetts Agents' Meeting

The Massachusetts Association of Insurance Agents will hold its annual meeting at the Hotel Bancroft, Worcester, Oct. 31-Nov. 1. F. R. McGlynn of Worcester is general chairman. He is also chairman of the program committee. W. S. Shaw of Brockton is chairman of the resolutions committee; H. W. Bates, Worcester, reception; Paul J. Woodcome, Fitchburg, nominating.

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PACIFIC COAST AND MOUNTAIN

Cal. Agents' Regionals Are Now in Full Swing

The northern California fall regional meetings of the California Association of Insurance Agents started in Sacramento Sept. 11, with a noon session, and another that evening at Marysville. Tuesday, traveling officers met agents at Red Bluff and Redding in the evening; Wednesday, at Chico. Sept. 21 there will be a meeting attended by the Santa Clara Valley agents at San Jose, under the auspices of the San Jose association.

Vice-president Neal Harris and C. W. Carpenter, state director, covered the northern California meetings.

Down south R. E. Bach, president, was principal speaker at several meetings and also will appear at Long Beach and Los Angeles Sept. 18. On the 19th he speaks at meetings at Santa Ana and San Bernardino. These will complete the year's regionals prior to the annual business meeting in Los Angeles Oct. 31—a one-day session instead of the usual convention.

Portland Agency Is Sold

The Gerlinger, Richards & Freeman agency of Portland, Ore., one of the oldest there, has been sold to A. W. White of the Seattle agency of Bowles, White & Brink, and D. R. Arnold, who is resigning as chief underwriter in the head office of the Associated Indemnity at San Francisco is to move to Portland and take active charge of the business. The agency will continue in the American building and retain all members of the staff.

Brandt Now Vice-president

Lloyd L. Brandt, son of W. B. Brandt & Co., San Francisco, has been appointed vice-president of the firm in charge of the Los Angeles branch office. In that capacity he succeeds Claude B. Moss, who recently resigned.

Lloyd Brandt has been with the firm about 10 years. He received early training in marine and unusual coverages at London Lloyds and on his return to the United States was with the Pacific Insurance Agency.

Jugler Ogden, Utah, President

OGDEN, UTAH—At the annual meeting of the Ogden Association of Insurance Agents, Frank A. Jugler, agent of Connecticut Fire, was elected president, succeeding C. C. Eubank, independent agency. Others chosen were: Carl Porter, vice-president, and C. E. Bohn, secretary-treasurer. President-elect W. J. Blackburn of the state association and R. D. Callister, past-president, attended.

Knox Named General Manager

Harlan Knox has been appointed general manager of the Cooley Company general agency of Seattle and Portland. E. Peithman is vice-president and Celia Keefe, secretary. The agency represents Pacific Employers, Lumbermen's and Union Marine.

J. Cooley, who is attending officers candidate school at Ft. Monmouth, N. J., is president.

Shea Named Fire Underwriter

W. F. Shea, special agent at Portland, Ore., for Pacific National Fire for two years, has been named fire underwriter for the United General Agency, affiliate of the United Pacific. He is in the head office in Seattle. Mr. Shea is an alumnus of University of Oregon and entered insurance with the Oregon Rating Bureau.

Hold Joint Meeting Sept. 18

LOS ANGELES—The Associated Agents Committee of Southern California and the Los Angeles Insurance Ex-

change will hold a joint dinner meeting Sept. 18. President R. E. Bach of the California Association of Insurance Agents will discuss developments in the S.E.U.A. case. The new dwelling house form also will be discussed.

Portland Agents Elect

PORTLAND, ORE.—Trustees of the Portland Association of Insurance Agents have elected H. A. Swart president to succeed F. E. Jewett. Other new officers are: Jack Riverburgh, secretary; Stanley Boquist, vice-president, and Ferry Smith, treasurer. E. M. Stadel is executive secretary.

Jay Stevens Again Reelected

Jay W. Stevens, chief of the National Board's fire prevention bureau on the Pacific Coast, has been re-elected executive secretary of the International Association of Fire Chiefs for the 19th year. He has long been active in development of fire chief's organizations and has been secretary of the Pacific Coast association for more than 20 years.

Kenaston Wenatchee President

WENATCHEE, WASH.—The Wenatchee Association of Insurance Agents has elected D. J. Kenaston president; C. H. Cook, vice-president, and Clair Warren reelected secretary-treasurer.

NEWS BRIEFS

Frank J. Agnew, in charge of public relations for the National Board in the eight far western states, lost his brother, Louis Agnew, by death. The brother was 71 and was a retired member of the Oakland police department which he served from 1895 until last year. He organized and headed the first automobile detail of the department.

Bailey & McKibbin is a new local agency formed at Roseburg, Ore., by W. F. McKibbin and Kenneth Bailey. Mr. Bailey formerly was an auditor at Salem for the Oregon industrial accident commission, and was discharged from the army a year ago. Mr. McKibbin has been special agent at Eugene for General of Seattle for three years.

McCollister & Campbell of Seattle, has been named general agent for Mercury of the St. Paul group for fire, automobile and allied lines in Washington, Alaska and northern Idaho.

O. L. Madison, special agent at Seattle for Royal-Liverpool groups, recently married Miss Elenore Strommer of Tacoma.

Governors of the Salt Lake City chamber of commerce have appointed E. A. Bjorklund, manager of U. S. F. & G., as chairman of the insurance committee.

The Kelso, Wash., agency of H. F. Reber, who died recently, is being managed by Miss Alice M. Sparkman, who has been with the firm for a number of years. Chester Reber, a son who is in the army in Europe, will take over the business at the end of the war.

George C. Newell & Co. of Seattle has been appointed general agent in Washington for Manhattan F. & M.

Roy W. Scott & Co., Seattle agency, has moved to new quarters in 803 American building.

J. D. Hull has resigned from the Clise & Cumins agency, Seattle, to open an agency in 1155 Dexter Horton building, Seattle.

The Harry LeGear agency, Port Angeles, Wash., has been purchased by G. H. Nelson, who also operates the Sunset Insurance Agency.

C. J. Harburger has resigned from the Los Angeles branch office of Fire Companies Adjustment Bureau and has opened an office as an independent adjuster in the Spring Arcade building there.

MARINE INSURANCE NEWS

New Royal-L&L&G Assistant Managers

The Royal-Liverpool group has appointed W. H. Curwen and C. S. Steele assistant marine managers of the New York marine department, covering the United States and its territorial possessions, Canada and certain others of the West Indies. These appointments are in addition to that of C. H. Pederson who is assistant marine manager.

Mr. Curwen, who has been assistant underwriter, received his early training in the head office of Thames & Mersey at Liverpool, where he started as junior clerk in 1916. He came to this country in 1925 and since 1928 has been in the underwriting department and through committee activities has kept in close touch with the market position.

Mr. Steele, who has been assistant manager of the Pacific coast department since last May, served as marine and inland marine superintendent of Royal-Liverpool at San Francisco for the previous 10 years. He received his early training in the insurance business with Anderson, Clayton at Pensacola, Fla., and Atlanta. He is a graduate of the University of North Carolina.

Atlantic Mutual Detroit Office

NEW YORK—Atlantic Mutual announces the opening of an office in Detroit, located in the National Bank building, will be under the direction of G. F. Richardson, transferred from the Pittsburgh office, where he had been manager since the opening of that office in 1939. Previously he was in the field for North America. He was in the production department Atlantic Mutual's head office,

then opened the Pittsburgh branch as manager.

Congress Revises Rates for Insured Mail

WASHINGTON—Congress has completed revision of rates for postal insured mail and c.o.d. mail, following postoffice department protest that increases in such fees provided for in the 1943 revenue act, would result in a drop in business and loss of postal revenue. The revision bill has gone to the White House.

It provides for reduction of the charge for insuring mail from 10 to 3 cents on a value of 1 cent to \$5, representing 67% of insured mail business. Minimum charge on c.o.d. mail is reduced from 24 cents to 15 cents.

The bill repeals an increase of 66% in money order fees imposed by the revenue act, but increases the special delivery fees from 10 cents to 13 cents on first class mail and from 15 cents to 17 cents on other classes of mail weighing up to two pounds.

CANADIAN

Peake Takes Vancouver Position

W. S. Peake, who has been associated with the Commercial Union group in Canada for six years, has been appointed manager of Gordon M. Thompson, Ltd., Vancouver.

Marchand Heads Bureau

J. Marchand of Corroon & Reynolds has been elected president of the Independent Underwriters Bureau. Vice-president is O. W. Dettmers and on the

Help make "duds" out of Axis bombs!

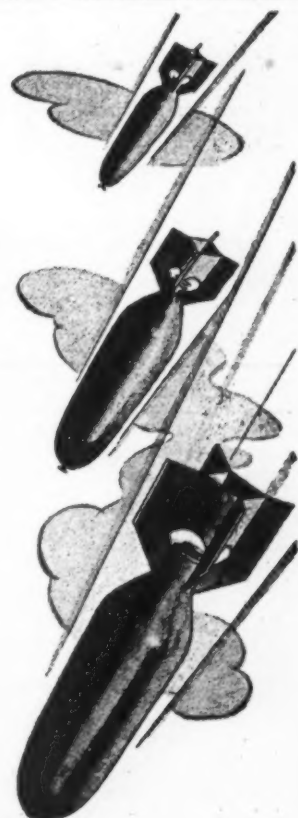
● A "dud" is a bomb that falls but fails to accomplish its destructive purpose. By actively promoting War Damage Insurance, insurance men are in a sense helping to make "duds" out of Axis bombs which may fall here. For in this way we are helping to save U. S. citizens from money loss resulting from damage caused by those bombs.

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executive committee are J. Marchand, O. W. Dettmers, J. P. A. Gagnon, E. Crevier, J. Pigeon and Manager J. R. Wright.

Boynton Goes to Montreal Post

D. F. S. Boynton, branch manager at Port Arthur and Fort William, Ont., for Canadian Underwriters Association, has left for Montreal where he becomes manager of the inspection and engineering department of the Commercial Insurance Agency.

Silva-White in New Connection

Ray S. Silva-White has resigned as branch superintendent in Vancouver of General Accident of Canada to become casualty manager for Marsh & McLennan in that city.

Hail insurance adjusters in Estevan, Saskatchewan, report that hail losses this year will reach \$3,000,000 in the province.

Pennsylvania Agents Hear Talk by Neel

(CONTINUED FROM PAGE 24)

make a return of premium after a reduction in rates has become effective. Mr. Neel said he thinks that most agents realize they have a continuing duty of service to policyholders during the term of the contract. To earn commissions, he said, agents must first do a perfect job both of selling and of underwriting and of all of their business but they earn the commission received from all their policyholders by the service, and oftentimes service plus, which they render to a limited number of those who suffer loss and have claims during the policy period.

He said any agent who knows his business, who is any success as a salesman, who is any judge of human nature can go to his policyholders, to his insuring public and by virtue of this rate reduction, unsolicited as it is, on the part of the policyholder, and sell enough additional coverage or some other form of insurance which will return to him much more in new commissions than he is losing due to the rate reduction. The agent's job, he said, is only started when he sells and delivers his policy. His real job is to be ready with service if, as and when a claim arises. The companies, he said, should streamline their agency forces so that they can justify their present status in the business. The agents must broaden their activities, increase their ability to serve their policyholders.

PRESIDENT'S TALK

J. F. Morgan of Lewistown, state president, in his address said that membership showed a gain of more than 5%. It now has 744 agencies on its list. During the year 51 were dropped but there were 89 additions, consisting of 84 new members and five reinstatements. Pennsylvania now stands seventh in membership and is in 10th place for net increase during the year. He made special mention of a committee consisting of Morton White of Allentown, George Rowland of Philadelphia and Ray Thomas of Pittsburgh, who worked with Commissioner Neel several months on the revision of the regulations governing licenses of part time agents. He also referred in a commendatory way to a special committee consisting of Joseph Barr of Oil City, Abram Blumenthal of Pittsburgh and George Rowland of Philadelphia, who worked in conjunction with similar committees from Maryland and Delaware conferring with the governing committee of the Middle Department Rating Association with reference to the current reduction in fire rates.

He said that it would have been wiser for all concerned had the companies consulted with the association prior to making important and final decisions.

Another committee that the president said did a real job is the one that was working many months on the approval of the personal property floater. George Hecke of Pittsburgh is chairman of the committee on rules, rates and forms and worked in conjunction with H. W. Walton of Allentown, chairman of the committee directly in charge of the personal property issue.

There have been before the officers and directors such matters as the coercion of insurance by financial institutions, government sponsored cooperatives, expansion of social security, agency qualifications, application of retaliatory laws, the threatened movement to organize a home owner's league with special insurance inducements. Insurance on financed accounts, he said, constitutes a grave problem. The question of associate membership is up. He referred to the decision of the United States Supreme Court and said there are grave uncertainties confronting the business as a result. Fundamental issues, he said, are in doubt. It is purely a question as to whether there will be more concentrated federal control or whether the states will have their just rights. The agents need to stand together in their organized effort not only in this emergency but in others that will arise.

Public Relations Plan Is Explained by Rodgers

(CONTINUED FROM PAGE 32)

indicate a clear understanding of what American business and industry mean to the well being of all the people.

He said that agents have a perfect right to know the position of every candidate on at least five specific and uncompromising principles. First, that of equitable treatment of industry in war time to promote maximum production and maximum employment in the post war period; second, the principle of tax equality among all competitive enterprises; third, the principle of well organized government with direct lines of authority and responsibility; four, the principle of local, political initiative as opposed to centralized federal initiative; five, the principle of right to practice private business initiative with all the risks it entails as opposed to the theory that overly paternal governments have a mandate to safeguard the incompetent, the imprudent and the unthrifty from the consequences of their own folly.

WDC Leader Joins Chicago Law Firm

James W. Close, who has been general counsel for War Damage Corporation since it was organized and counsel for Reconstruction Finance Corporation in Washington, has joined the Chicago law firm of Wilson & McIlvaine. He is moving with his family to Evanston, Ill.

After graduating from Regis College in Denver, Mr. Close took his law training at Catholic University in Washington and was admitted to the District of Columbia bar in 1934. He went with RFC immediately after his admission and handled insurance company and related matters for that agency. He played a prominent role in the negotiations with insurance companies which led to the formation of WDC and, as general counsel, he was the government official primarily in contact with insurance men on this work. He appeared at a number of national meetings and was highly regarded by insurance men.

Royal-Liverpool Garden Winner

The Royal-Liverpool group was awarded the Calvert plaque for the most outstanding employe victory garden show in the borough of Manhattan. At the exhibition awards were made for the best entries in 18 groupings. Some 325 entries were submitted. Well known gardening authorities judged the exhibits.

Need Full Reports on Farms: Badger

HELENA, MONT.—H. F. Badger, San Francisco, executive secretary Pacific Board, in his talk on farm insurance before the Montana Association of Insurance Agents, said that in order to build a permanent farm business, agents must obviously make frequent contacts with clients. A farm agent should investigate his clients' affairs to supply just what is needed. He said that a satisfactory report on the farmer and his property is usually considered necessary. Mutual companies follow this principle. The record, he said, clearly shows that the success of this program has varied almost directly with the degree of adherence to this requirement.

In Montana farm insurance, he said, the chief obstacle is the distance to the risk, the difficulty of making contacts and securing the needed information. The farmer is frequently unfamiliar with insurance coverages, values and hazards and it is up to the agent to explain in detail. This explanation should include a careful analysis of the application form. The two should reach an agreement as to the estimate of valuation and the amount of insurance to be placed.

Mr. Badger referred to the increasing national fire loss, which in July was the highest in 12 years. It indicates that unless steps are taken to reduce it, com-

panies will be unwilling to carry risks at the prevailing rate. He said that neither proper fire protection recommendations nor adequate insurance can be provided without an actual inspection of the property. Distance, of course, is a deterrent and yet, he said, if gasoline and tires are needed they can be gotten. Agents can use films to advantage. With inspections, an agent should bunch his work. Contacts with farmers are helpful in establishing good will and favorable business relations and offer exceptional opportunities to bring a better understanding of the aims and purposes of insurance problems. Agents can discuss insurance with farmers and explain something about the issues.

Allen "Victim" of Elaborate Gag

NEW YORK—Vice-president George Allen of Home, former secretary of the Democratic National Committee, returned from vacation this week to find friends at the home office had perpetrated an elaborate gag for his benefit. His office had been rigged up as a faithful facsimile of Republican campaign headquarters. Large sized posters of Thomas E. Dewey adorned the walls. Pictures of Lincoln, Hoover, Harding, Wilkie, Theodore Roosevelt and other Republican notables had been substituted for many of the photos of well known Democrats on the walls. Dewey campaign buttons, campaign literature and publicity releases abounded.

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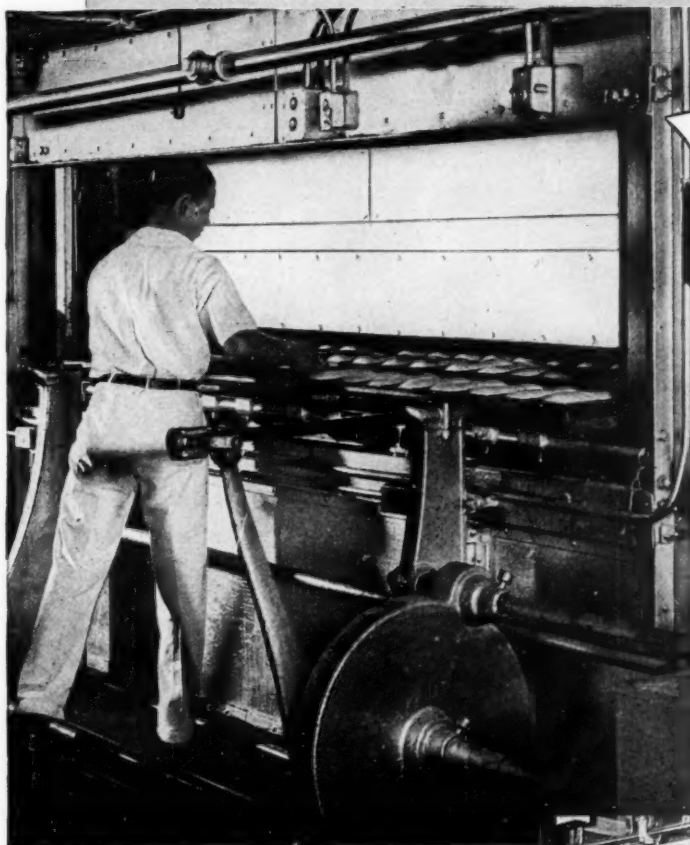
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